

REPORT
ON
LOCAL GOVERNMENT
IN
YUGOSLAVIA



Issued by
**THE MINISTRY OF COMMUNITY DEVELOPMENT
AND CO-OPERATION
GOVERNMENT OF INDIA**

May, 1960

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INTRODUCTION

The Government of India, Ministry of Community Development and Co-operation (Department of Community Development) decided to send a Team to Yugoslavia to study Local Government in that country for a period of about eight weeks from November, 1959 to January, 1960. The team consisted of—

(1) Shri B. Mehta, I.A.S., Chief Secretary to the Government of Rajasthan. *Leader.*

(2) Shri G. F. Mankodi, I.A.S., Commissioner, Panchayats, Ministry of Community Development and Co-operation, (Department of Community Development) New Delhi. *Member.*

2. We left India on 16th November, 1959, and reached Belgrade on 18th afternoon, where we were received by Mr. Milorad Vuckovic, State Councillor in the Federal Secretariat of Legislation and Organisation and representatives of the Yugoslav Foreign Ministry and Indian Embassy.

3. Our programme of study and discussions was drawn up by Mr. Vuckovic in consultation with us. Before we started our work, His Excellency Mr. Leon Gerskovic, Federal Secretary* for Legislation and Organisation acquainted us with the basic principles on which Yugoslavian Local Government was working and also indicated how they proposed to make the local institutions more effective. Thereafter, we had discussions with representatives of the various departments of the Federal Government connected with different facets of local government. Opportunity was also taken by us to attend meetings of the local bodies and their different committees.

Further a number of factories, health centres, educational institutions, co-operative societies, social farms and organisations like the institutes of (1) Public Administration, (2) Urbanism (townplanning), (3) Statistics and (4) Planning, which are closely related to the working of Local Government were also visited by us.

4. We were also invited by His Excellency Mr. Gerskovic to attend a meeting of the representatives of all communes in the district of Sabac. In this meeting they discussed the question of re-organisation of administrative departments—both of communes and districts—so that duplication and delays could be eliminated and economy in expenditure on the staff could be effected. The reports of the expert organisation like “Organisation and Methods” and of the local bodies were examined and decisions taken. This

*In Yugoslavia, “Secretary” is the equivalent for “Minister” in India.

was one of the meetings that were being held at the district headquarters all over the country.

5. At the republican headquarters we had discussions with the Republican Secretary for Legislation and Organisation, as well as other Secretaries and technical officers connected with the local government work. At the District and the Commune headquarters discussions were with the President, Secretary and other officers incharge of different departments. The procedure adopted was that after the President/Secretary had given general background of their Republic, District or Commune, one or two items of different aspects of local government were taken up by us for detailed discussion. In a few of the communes we also visited their office to study various stages through which the papers passed and also to study the distribution of work among different sections.

6. In order to understand the relationship between different levels of local government on the one hand and economic enterprises or institutions like Schools, Hospitals etc., on the other, opportunity was taken to discuss it with the representatives of such institutions. We also visited a few homes of agriculturists, the headquarters of the co-operatives and socially managed farms to have a first hand idea of how the local government was influencing them and to find out their reactions to it.

7. In addition to meeting the people, who were directly connected with the administration, at various places we met the leaders of the Communist League* and the Socialist Alliance.** During these meetings our effort was to understand the role of the political parties vis-a-vis the local bodies and other voluntary organisations.

8. Mr. Damyan Licica, Councillor in the Federal Secretariat of Legislation and Organisation, was with us throughout our stay in Yugoslavia. His intimate knowledge of the legal side of the working of local government and its development helped us in understanding the implications of the working of these institutions and their relationship with one another.

During our stay of 57 days in Yugoslavia we toured in five of the six republics† viz., (i) Slovenia, (ii) Serbia, (iii) Bosnia and Herzegovina, (iv) Croatia and (v) Macedonia.

9. The arrangements for internal transport so kindly made by the Government of Yugoslavia enabled us to see the working of 18 communes and 8 districts in different regions of the country. Thus we were able to visit highly-developed, moderately developed and under-developed areas. To do this, we had to cover a total distance of about 5,000 KM by rail, road and sea.

10. We had the opportunity of discussing matters with over 200 representatives of different organisations, institutions, economic enterprises,

*In Yugoslavia they avoid the use of the word "Party" and call their communist party, "The League of Yugoslav Communists".

**Socialist Alliance of the Working People of Yugoslavia is a broad-based organisation, whose members believe in socialist principles. The thinking in the Communist League reaches the people through this Organisation.

†"Republic" is equivalent of "State" in India.

political parties and the Government. In addition we also met informally group of people in areas we visited.

11. The Yugoslavian people and authorities at various levels were most cordial and friendly. There was genuine desire to help us understand their system and the principles underlying the social and political organisation. Information asked for was made available and questions raised were freely answered.

12. We would like to express our deep sense of gratitude to the Government of Yugoslavia for the arrangements made for our study as well as for our stay in the country and to all others who contributed towards making our visit fruitful. We are particularly grateful to His Excellency Dr. Leon Gerskovic and the Republican Secretaries for Law and Organisation viz., Dr. Josip Globevnik (Slovenia) Dr. Salamon Konfartier (Bosnia and Herzegovina), Dr. Kangriga (Serbia) and Dr. Gorgi Caca (Macedonia) and to Mr. M. Vuckovic.

13. To Mr. Damyan Licica and Mr. S. H. Desai, First Secretary (Commercial) in the Indian Embassy, we owe a special debt of gratitude for the way they tried to solve our difficulties and spare no pains to make our stay comfortable.

14. We cannot but mention how grateful we feel to His Excellency Nawab Ali Yavar Jung, Indian Ambassador to Yugoslavia for the personal interest he took in us.

15. And now about this report, particularly its structure. As will be observed from the table of contents; first we have given a historical background which alone can give an insight into the growth and development of local government and processes of decentralisation. The Government in Yugoslavia, at all the four levels—Federal, Republican, District and Commune—is conceived as a unified one-piece organic structure. It was, therefore, necessary to deal with Federal and Republican levels, in Chapter 2. From Chapter 3 begins Local Government—District and Commune levels. Upto Chapter 9 it is dealt in its various aspects—organizational and functional. Picture of Local Government as emerging, in these seven chapters though comprehensive, remains, to an extent, incomplete unless various other processes, institutions and organisations are studied. This is because the Yugoslavian system is a highly complicated one—trying as it does to integrate at all levels—both horizontally and vertically—the social-economic and political activities of the nation. In Chapter 10, therefore, Local Government in relation to Planning and Statistics is dealt with. The formulation as well as implementation of the Plan is mainly through the system of social-management. This system is somewhat unique, and mainly responsible for the mass-scale enthusiasm in the country. Though nationalization of means of production, limitation of private property, highly disciplined and centralized single party system and national decision to quickly industrialize, are the basic conditions helping the system to succeed, yet it is considered worth-while to report on its essential structure. In fact, this system alone can bear a separate detailed study for a few months by experts from all fields embraced by it, we have tried to give in Chapter 11, the role of Local Government in the setting of this system of social-management. In Chapter 12, we deal with social welfare—a very much

broadier field than we can deal with in a report such as this. Particularly, its Social Security aspect is one of the pillars of the Yugoslav system of socio-economic development. In Chapter 13 we deal with a few other important organizations.

In Chapter 14, we have very briefly tried to give a bird's eye-view of local government in India from ancient times up-to-date. It helps to appreciate how several of the institutions and activities which had in a natural way evolved in our country are in the Yugoslav system also found useful. In the end, in Chapter 15 we have tried to give our views by way of conclusions and recommendations, making general observations wherever necessary.

16. It would not be out of place here to state that the whole system is highly complex and its verbal description is inevitably bound to be very complicated. We have made our best effort to simplify yet there may be portions which might appear obscure. We have given for several concepts and words their Indian equivalents, yet some words have varying connotations in different contexts. For instance, the words "Councils" and "Commissions" occur at various levels, so as almost to confuse a reader at the first effort, yet a careful reading may help appreciating the implications in a given context. In the instance given, broadly it may be stated that:—

(a) a "Commission" is usually an advisory body in the nature of a sub-committee appointed to study in detail, deliberate and formulate its recommendations for the consideration of the body appointing it for the purpose.

Such Commissions are appointed not only by elected representative bodies but also by administrative organs of any level of Government. They would thus be more or less comparable in India to (i) a parliamentary sub-committee, (ii) a cabinet sub-committee, (iii) an advisory committee appointed by a department of Government.

(b) "Councils" are also "sub-committees", but of an executive—administrative nature. It is on these "Councils" of representative bodies that non-elected citizens are associated as co-opted members. In India, these would be comparable to "Functional Sub-Committees" with fairly wide executive and administrative powers.

17. Finally, we may say that the ramifications of the Yugoslav system are so wide that even a running reference to several aspects, cannot but make the report quite long. We had, therefore, to strike a balance between what we would say and what we must say, doing the least injustice to the Yugoslav system, the prospective reader of this report and to ourselves.

CHAPTER I

Historical Background.

For a proper appreciation of the present social, economic and political organisations in Yugoslavia it is necessary to understand the historical factors which consummated into the evolution of these institutions. It would be convenient to trace briefly the history into three periods viz., Pre-liberation, Liberation and Post-liberation periods.

Pre-liberation period.

1.2. Yugoslavia, as we know it to-day, emerged as a country and a nation only after the downfall of the Austro-Hungarian Empire by the end of the first world war. It was in the year 1918 that a single State comprising of Serbs, Croats and Slovans was formed under the Karadjordjevic dynasty. It was a monarchy run on democratic principles with representative legislative bodies. It must be said to the credit of that Government that it succeeded in creating a feeling of nationalism and in unifying the country within almost a generation.

1.3. The Russian Revolution of 1917 had an impact on the people, who have racial and linguistic affinities with Russia; and a Communist party was organised as early as 1918. This party, though never encouraged by the above regime continued to function till about 1928 when it was declared unlawful. It, however, continued to work underground and was able to constitute committees at district and other levels which enabled it to organise resistance against the Germans in 1941. The strength and the influence of the party grew during the second world war. By then the party had established its organs in villages and its cells even in the armed forces. The party had enthused the people through its local organisations and prepared them to fight against the Axis powers (Germans and Italians), who had by then shared the country between themselves. The work done by the party, during this period laid the foundation of the National Liberation Front. It is important for our purpose to mention that the National Liberation Front decided not only to fight the invader but also to destroy the old order and the former civil authority and to replace them by a new social order and people's authority. Its slogan "break with the past" attracted the youth, who have grown into the leaders of to-day.

A systematic propaganda was organised against the old system at the most psychological moment. It was really under these unsettled conditions that in fact the foundation of the present political and administrative system was laid.

Liberation period.

1.4. The most important event of this period was the second session of the Anti-Fascist Council of the People's Liberation of Yugoslavia, held in

November, 1943, at Bihac (Bosnia). It is considered in Yugoslavia as the first Constituent Assembly of the new State. This Council took the following important decisions:—

(a) establishment and fostering of the People's Liberation Committees as the basic organs of authority; and

(b) establishment of Anti-Fascist Council of the People's Liberation of Yugoslavia as a general, political, representative national body.

This council also laid down the principles governing the constitutional and legal foundations of future Yugoslavia. These principles included (i) equality, brotherhood and unity of the Yugoslav peoples, (ii) the federal structure of Government and (iii) recognition of the fundamental rights of the national minorities—which included their political and territorial autonomy in areas predominantly inhabited by them.

This period ended in January, 1946, when a duly elected Constituent Assembly passed the first Federal Constitution called the 'Fundamental Law.'

Post Liberation period.

1.5. With the passing of the Fundamental Law (Constitution) in 1946 a strong and a highly centralised Federal Government was established. This Government initiated the period of 'State Socialism' which alone, according to them, could make it possible to concentrate all available material resources on the most basic tasks, and to create material conditions for further development. Between the year 1946 to 1950 all means of industrial production were nationalised—owned by the State, and managed through its administrative apparatus. Planning was centralised. In 1950, a law was passed which gave the workers the right to "manage the enterprise" in which they worked. This system of self-government of 'producers' had the twin objectives of—

(i) de-etatization i.e. prevention of State Capitalism and bureaucratisation; and

(ii) right of workers to appropriation of labour product.

This according to the Yugoslavian authorities, meant 'return of means of production to the workers'.

1.6. About this time, the process of collectivisation in agriculture was also initiated. This, however, was given up in response to the peasant's resentment—in keeping with the desire of the Government and the party to have a realistic approach rather than be carried away by theoretical and ideological considerations.

1.7. In the administrative sphere, it was in the year 1948 that steps were taken to reduce the number of administrative agencies at the federal level by transferring some of its powers and functions to the republics.

1.8. This process of decentralisation was further extended in 1952, when some of the functions and powers of the republic were transferred to

the district.* It was in this year that for the first time the need for special representation of producers in the local bodies was recognised and the institution of 'Producers' Council' was introduced at the district level. The communes,** however, continued to be almost subservient to the district.

1.9. In the year 1955 most of the functions and powers of the district bodies were transferred to the commune, and 'Producers' Councils' established at the commune level also. Another significant development of the last four or five years has been what the Yugoslavian authorities call the introduction of the principle of 'social management', dealt with later.



* District is a unit of local government below the republic.

** Commune is a unit of local government, below the district.

CHAPTER II

State organisation (Levels of Government)—federal and republican.

The principles for the organisation of the Federal People's Republic of Yugoslavia were laid down by the Constitution of 1946 and the amendments made thereto in 1953. The four Territorial State Organs are:—

- (1) Federal People's Republic;
- (2) People's Republics, (including autonomous* units);
- (3) People's Committees at District level; and
- (4) People's Committees at Commune level.

The Federal People's Assembly, Republican Assemblies, People's Committees at district and commune level are all elected for a term of four years.

2.2. State,—from Federation to the Commune,—is a unified entity. The four levels at which the Government functions viz., Federal, Republic, District and Commune, are, therefore, deemed State Organs, and since each level has a territorial jurisdiction they are known as "Territorial State Organs"—i.e., State Organs functioning over specified territorial areas.

2.3. Relationship between these organs is regulated by the Constitution and the laws enacted by the Federal People's Assembly. The relations between the republic and the lower bodies are further regulated by the Republican laws. Likewise relationship between the districts and the communes is regulated by their own Statutes. However, the basic principle is that the enactments of a lower body must not be repugnant to the enactments of all the higher bodies. In case it is so, the enactment of the higher body prevails.

Federal People's Republic—organisation.

2.4. The Federal Government consists of the Federal People's Assembly, the President of the Federal People's Republic, the Federal Executive Council, Federal Administrative Boards, Supreme Courts and other authorities.

Federal People's Assembly.

2.5. The supreme authority in the country is the Federal People's Assembly. It is only this body which can amend the Constitution and

* Republic of Serbia has two autonomous units

- (1) The Autonomous Province of Vojvodina and
 - (2) The Autonomous Region of Kos-met (Kosovo and Metohia).
- Each of them has its own assembly.

approve the federal economic plan and the budget. It lays down the basic principles of foreign policy and decides on war and peace and international treaties. It has the powers of appointment and removal of the President, Vice-President and Secretaries of the Federal People's Republic, the Federal Executive Council and the Judges of the Supreme Court and Supreme Economic Court.

2.6. The Assembly consists of two houses—the Federal Council and the Council of Producers. The Federal Council consists of—

- (a) the representatives elected by all the citizens; and
- (b) the representatives elected by the six Republican Assemblies and the Assemblies of Autonomous Provinces.

Each Republic sends 10 representatives, the Autonomous Province of Vojvodina sends 6 members and the Autonomous Region of Kosmet sends 4 members.

2.7. The members of the 'House of Producers' are elected indirectly by workers and employees of economic enterprises, agriculturists, artisans and handicraft workers in proportion to the participation of the group concerned in the total 'social product'.* It will be of interest to note that an individual—be he an agriculturist or a handicraft worker—gets the right of representation only if he is a member of an organisation e.g., a co-operative or a chamber. The majority of the farmers are members of various farmers' co-operatives. The members of these co-operatives and members of their households who are engaged in agriculture elect their representative to the House of Producers.

The President of Federal People's Republic.

2.8. The President is elected at the joint session of the Federal Council and the Council of Producers for a term of four years from amongst the members of the Federal People's Assembly and is responsible for his work to this body. He is also, in addition to his duties, as the President of the Federal Executive Council, the Supreme Commander of defence forces. In his capacity as the President of the Federal People's Republic and not in his capacity as the President of the Federal Executive Council, he has the right to withhold execution of an act of the Council with which he does not agree. He has, however, to bring the question in dispute before the Federal People's Assembly for its decision and for this purpose convokes a session of the Assembly at once.

Federal Executive Council.

2.9. The Federal Executive Council which is elected by the Federal Assembly for a term of four years consists of at least 15 members of the Assembly. In addition, the Presidents of the Republican Executive Councils are ex-officio members of this body. As the name indicates, it is the chief executive organ of the Federal Government. Its important functions are—

- (1) To see that laws enacted by the Federal People's Assembly are implemented.

*Social product or Gross product is the total value of goods and services produced by the Society as a whole.

(2) To exercise control over the work of different organs of administration.

(3) In cases of danger of war it has the right to proclaim a general state of emergency.

(4) It has power to dispose of the resources and funds of the Federal Government and to establish enterprises and self-governing institutions which are of interest to the entire country.

2.10. It is assisted in its executive work by committees, commissions, boards, directorates and administrations. The Federal Executive Council constitutes, from amongst its members, sub-committees called commissions and committees for specific matters like Nuclear energy, religious affairs etc.

2.11. The Yugoslavian system makes a fine distinction (rather difficult for us to fully appreciate) between legislative, executive and administrative functions of different organs. For instance, the Federal Executive Council and the President are executive but not administrative authorities;—the organs of the federal administration being Secretariats, Committees, boards, directorates, administrative institutions, inspectorates, commissions etc. The heads of these administrative units are appointed by the Federal Executive Council. Some of them may even be the members of the Council itself. It is obligatory that the secretaries of foreign affairs and national defence should be members of the Federal Executive Council.

2.12. The secretariats of the Federal Executive Council could be divided into two groups. The first group consists of the secretariats for 'legislation and organisation' and the secretariat for 'general economic affairs'. The second group of secretariats deals with subjects for which there are socially-managed institutions, or with subjects which are dealt with by the local governments. The first group of secretariats are manned by specialized administrative services of the federal government. These co-ordinate the work of preparation of laws. It is their duty to furnish necessary material and data to the Federal Executive Council and advise it on economic problems.

2.13. The second category of secretariats are mainly responsible for broad indication of policies to the autonomous institutions—whether they be local governments or economic enterprises or socially-managed institutions—their main function being to see that the national priorities and plans are adhered to and to watch the legality of the actions of these institutions.

2.14. It may be noted here that the structure of federal government in Yugoslavia differs widely from the structure of the Union Government in India. Some of the basic differences being:—

(a) In Yugoslavia there is nothing like the executive and administrative body such as the Union Cabinet in India. All matters of policy, high appointments, etc. are decided by the legislature itself, unlike the practice in India, where it is done by the Council of Ministers which is constituted by the majority party in the Parliament. Yugoslavia does not have a party system of Government.

(b) The concept that the supreme authority vests not only in the representative body at the federal level but also vests in the representative

bodies at all levels, naturally implies that there is nothing like the Federal or Republican "lists of subjects" as is the case in our country. It is only the foreign relations, international trade and national defence which have been earmarked as subjects for which the federal government is mainly responsible. As far as other spheres of national life are concerned, it is more a case of regulation of the extent of each body's sphere of activity rather than the transference of the entire jurisdiction in respect of that sphere. In Yugoslavian parlance this is known as 'competency' and is determined by different laws and prescriptions enacted by each organ. It is within its competency that each State Organ exercises its authority.

(c) In Yugoslavia the Federal Executive Council is not constituted by the leader of the house like the Council of Ministers in India. The Federal Assembly elects members (at least 15) from amongst itself. The Secretaries (i.e., Ministers) may be from among the members of the Federal Executive Council or from outside it.

(d) In the field of administration, Yugoslavia does not have a system of permanent secretaries as in India. The secretaries (i.e. Ministers) are assisted sometimes by permanent government officials as well as by citizens taken on what they call non-career appointments—somewhat comparable to the institution of political appointments in America.

(e) Under our Constitution, powers which have not been specifically included in any List vest in the Union Government, whereas in Yugoslavia undefined competencies vest in the lowest body viz., the Commune.

(f) Unlike India, it is the Federal Executive Council which has the emergency-powers— and not the President.

(g) As against the system of administration of this country whereunder all execution is left to the permanent services, in Yugoslavia for a number of subjects there are committees, councils and boards, made responsible for execution.

(h) Unlike India, the Supreme Court is not the final authority to interpret the laws; it is the Federal People's Assembly which interprets them through a Commission appointed by it.

Council of Nationalities.

2.15. The ten representatives of each of the republican assemblies and the ten members from the two autonomous areas participate in the proceedings of the Federal Council in the same way as the members elected directly by the citizens; but in certain circumstances they have special rights conferred by the Constitution.

Thus,

(a) when the house is considering,—

(i) federal economic plan; or

(ii) any bill concerning the relations between the republic and the federation,

these members *can* form themselves into a body known as the Council of Nationalities to take decisions separately, acting on an

equal footing with the other two houses viz., the Federal Council and the Producers' Council.

(b) When, however, amendment of the Constitution is before the house, they *must* decide as a separate house again on footing of equality with the other two houses.

2.16. In the event of the Council of Nationalities disagreeing with the Federal Council on any issue, a commission is formed consisting of an equal number of members of the Federal Council and of the Council of Nationalities. If the Council of Nationalities still adheres to its view, further discussion of the bill is set aside and the matter is not placed on the agenda of the Assembly for one year from the date of such setting aside. In the event of the Council of Nationalities not agreeing with the Federal Council on the federal economic plan, the discussion on the plan is postponed for two months. In case agreement is not reached during this period, the Federal Council is dissolved.

2.17. When any general federal law is to be introduced in the Assembly, the Council of Nationalities meets separately to decide if there is need for such law. If in the opinion of the Council of Nationalities, the need does not exist, then the bill may not be placed on the agenda of the Assembly. These are some of the aspects showing the importances that is given to the national minorities as well as to the republics on certain matters of vital importance.

Peple's Republics.

2.18. The organisation of the Government at republican level follows the federal pattern.

Briefly the rights and duties of the Republics are—

(1) To ensure planned development of the economy of the republic within the framework of the national economic plan and programmes.

(2) To give general guidance in the field of education, national health and social welfare activities.

(3) To safeguard the interest of citizens belonging to minorities.

(4) To co-ordinate the work of People's Committee and to see that under-developed districts get special consideration.

(5) To watch the legality of the actions and decisions of the local bodies at district and commune levels.

2.19. In the People's Republic of Serbia there are two autonomous units whose rights and duties have been determined by the Federal Constitution and by the Constitution of the People's Republic of Serbia. The structure of their governments correspond to that, of the republican government. However, in the autonomous region of Kosmet there is no Supreme Court and the Supreme Court of Serbia serves it. The relationship between the Federal Government and the Republic Governments and between Republican Governments and Local Governments are governed by laws and prescriptions— the concept being non-hierarchical. The republican

organs do not exercise any control but only watch and ensure the legality of the actions and decisions of the lower territorial authorities unless empowered otherwise by the Federal laws.

2.20. The Yugoslavian system claims that each level of Government is the supreme organ of state authority in its territorial jurisdiction. The People's Committee at the commune level thus forms the basic organ of state authority. Both at the district and commune level, People's Committee consists of two houses viz., the House or Council of Citizens and the House or Council of producers. The People's Committee is assisted by commissions, councils and other administrative organs in the discharge of its functions. Both at the commune and district level there are judicial courts. The details of these different organisations will be discussed in the chapters that follow.



CHAPTER III

Local Government—Its Growth.

People's Committees—their growth.

In the last Chapter we have dealt, briefly, with two of the four levels viz., Federal and Republican. In this Chapter we shall deal with Local Government i.e., Government at District and Commune level.

In order to have a clear understanding of the important characteristics of local bodies, at the District and the Commune level, it would be useful to briefly trace their growth which, according to us, starts from the period when the Communist party was declared unlawful in 1928. In the past, the people of this country were used to have local organisations to constantly fight either the foreign overlord or the foreign invasions and yet these organisations had to remain undetected and unnoticed to be able to work effectively. The Communist party utilised this indigenous and traditional system of local organisation and set up "Local Committees" in almost all villages. These were later, in 1941, named as "People's Liberation Committees". Not only did they combat the enemy, but also wielded State authority and exercised jurisdiction in all matters of local concern. Though it was difficult for us to get the exact number of such committees in 1941, but in 1947 it was in the neighbourhood of 8,000. It was during the pre-liberation period that these committees worked as semi-autonomous organisations in their respective areas, without much interference from the high command of the party except in matters of broad policy. They raised their own funds to meet their requirements which included carrying on of regular propaganda and purchase of arms and ammunition.

3.2. All this prepared the necessary ground for the future development of local government and the future leadership. The members of the local committees had to work as disciplined soldiers throughout, since 1928, first to keep outside of the track of the police and later, of the armies of the axis powers. This discipline, in our opinion, has proved to be the greatest asset of these institutions.

3.3. After liberation, local committees were formed and old local institutions—judicial courts and others, were abolished. Thus the Committees replaced the class which constituted the old administration, by people who were "workers"—be they engaged in agriculture or in industry. This was, in our opinion, an important reason which strengthened the local government at the commune level.

People's Committees—their statutory recognition.

3.4. The first phase of development of local self-government in Yugoslavia was completed with the passing of the Constitution in 1946, when

local bodies at the district and commune level were legally recognised as organs of State authority. Just after the passing of the constitution a "General Law of People's Committee of 1946" (a Federal Act) was enacted. It elaborated the principles relating to self-government by these committees, as legal organs of a unified State authority at the two levels and also provided the 'Material Base' (resources) for them.

3.5. Thereafter three important laws were passed in 1949, 1952 and 1955. The law of 1949 brought about the following important changes:—

(1) The sphere of activities of local bodies was considerably expanded.

(2) Besides the right to draw up the economic plan, to sanction its own budget, to levy local duties and to establish economic enterprises, the People's Committees were granted the right of ownership over public property under their management, expressed in article 17 of the law as follows:—

"The People's Committees shall have the right of managing the general people's property of a local (village, town and region) character and they may utilise it and dispose it of under the conditions and within the limits as recommended by the laws".

Law of 1952.

3.6. The law of 1952 introduced the following important changes:—

(1) Workers employed in production, transport and trade were given representation at the district level by constituting a new House called the House or Council of Producers.

(2) People's Committees were given a right to discuss questions falling under the competency of a higher State organ and submit their proposals in respect thereto.

(3) The People's Committees were given a right to pass their own statutes regarding internal organisation, division of work and functions of the people's committees as well as relation of the people's committee with economic enterprises and establishments founded by them.

(4) The people's committee of the district was given the right to supervise the lawfulness of the work of people's committee of the commune or the town council, and to annul or abolish its unlawful acts.

(5) Like Federal Executive Council or Republican Executive Council there were executive committees of people's committee at District and Commune level. To secure wider participation of citizens, these executive committees were replaced by "councils" for different subjects.

(6) Up to 1952, Local Government was essentially at two levels, namely, the District and the Commune. Groups of small villages formed Communes; smaller towns with surrounding rural areas also formed Communes, bigger towns formed Communes by themselves known generally as Town Councils and larger cities were demarcated

into a number of self-governing wards also known as Communes or Municipalities. Big cities with their ward-communes as well as adjoining rural areas formed a District. Highly urbanized towns were known as Urban Communes and enjoyed more extensive rights compared to rural Communes. Thus there were in effect three levels of local government namely Communes, Towns and Districts. All these being elected representative bodies were the highest organs of State authority of their respective areas, yet organs of State administration in their area, while being subordinate to them were also directly influenced by federal administration. This double responsibility was abolished by the Law of 1952 thereby strengthening the status of the People's Committees at these three levels.

(7) The jurisdiction of Federal and Republican State Organs was specifically determined; the residuary tasks of Government having been left to the People's Committee at the District and Commune level. Some of the functions and powers of the Republic were transferred to the District, which held a decisive role even though it was weakened by separation of towns from its complex. What is still more important, is that the People's Committees (at district and commune level) were no longer to be hierarchically subordinate to the Federal or the Republican Government. The control of Federal and Republican Government was limited only to ensuring observance of legality.

(8) The Law of 1952 introduced the principle of local referendum—this further strengthened the process of direct democracy. The meetings of voters—an institution similar to our Gram-Sabha though not having governmental authority, exercised considerable control over People's Committee through their representatives.

Law of 1955.

3.7. Before we deal with the salient features of the 1955 law, we quote below a passage from the speech in the Federal Assembly on June 16, 1955, by Mr. Edward Kardelj, Vice-President of the Federal Executive Council;

“Comrade People's Deputies, with the Law which now is our agenda, then, we are entering upon the closing phase of those legal acts and organising measures which establish the new organisation of municipalities and districts in our country. By this very fact, as I said in the beginning, we are making a further important stride in the development of the mechanism of our socialist democracy and socialist relationships generally. These measures, no doubt, will associate our working man still more with the organs of his state authority and with the mechanism of social government; they will develop still further his socialist activity and creative initiative, they will commit still more the local initiative and local resources in the solving of questions of social interest and in the developing of the productive forces, which at the same time can be a new contribution to an improvement of the material and cultural conditions for the life of the citizen. Consequently the realisation of this task will be a mighty moral encouragement to our working people in the struggle for the construction of socialism, it will introduce more political stability into our system, and accelerate the progress of our country in a considerable measure. The

successes which we achieve along that path will at the same time provide the best confirmation of the correctness of our basic orientation in the construction of a socialist society, thereby becoming an important experience for international socialism as a whole. For all these reasons, the Federal Executive Council is convinced that you, Comrade People's Deputies, will not only adopt this Bill but that you will commit yourselves in the People's Committees and among your electors towards as correct and as speedy a realization as possible of both the Law proper and the other tasks which issue from it".

3.8. The main feature of the law of 1955 was transfer of powers from district to the commune level, reserving for the district mainly the functions:—

- (a) relating to the district;
- (b) relating to the inter-communal co-ordination;
- (c) relating to the under-developed communes; and
- (d) relating to the legality of the actions of the communes in its jurisdiction.

3.9. It would appear that there has been a continuous effort at consolidating the local bodies first at the district and then at the commune level. Till 1949 the controls exercised by different organs of the Federal and Republican Government were many and varied. The period between 1946 and 1949 was thus a period of centralisation and control. From 1949 starts the period of 'District Supremacy', further strengthened in 1952. In 1955 starts the period of 'Commune Supremacy'.

3.10. To sum up, the main developments that took place since 1946 could be enumerated as follows:—

- (1) Socialisation of economic enterprises,
- (2) Confiscation of the properties of those who collaborated with the enemy and of foreign nationals; and transference of their ownership to the respective people's committee at the district level,
- (3) Conferment of right to establish economic enterprises on the people's committee at the district level,
- (4) Introduction of the decentralized planning at the different territorial levels.
- (5) Constitution of a special "Producers' Council" at the district level in 1952, at the republican and federal level in 1953; and at Commune level in 1955.
- (6) Socialisation of state industries—the transfer of management of the enterprises from the State to the workers collectives.

All this meant greater freedom at lower levels and recognition of the need for economically viable units.

3.11. The Yugoslavian system has been modelled on the system of local government in France and other continental countries and is based more on law than on conventions. This is very much unlike the system of local government in Britain where most of the matters relating to local government are governed by conventions.

CHAPTER IV

Local Government—People's Committee.

The commune and the district are the two levels at which local government functions in Yugoslavia. These units of local government exercise their rights and perform duties on the basis of laws* as well as on the basis of their own prescriptions. The Commune is the basic unit by which the bulk of social affairs is discharged and conflicts between individual and collective interests are resolved. The district is an aggregate of Communes as also the organisation of self-government on a broader territorial basis. It manages affairs of common interest to the Communes and concerns itself with such matters as the commune cannot manage generally or at least cannot do so at its present stage of development.

4.2 Both the commune and the district are legal persons and have interests in buildings, plots and other property which belong to the society and are managed by them. Legality in their decisions and actions provides the guarantee to citizens and institutions alike against their arbitrary action. They also form a socio-economic community, particularly the commune, as it is here that the people's representatives-producers and citizens together, draw up plans and programmes for economic, social and cultural development.

4.3. The size and the domain of the commune and the district have undergone a series of changes since 1946. In the initial stages the communes were small and hence were not economically viable. The district was, therefore, considered as the basic organ of state authority—the commune merely serving as a subordinate organ of the district. There was greater concentration of power at the district level. To remedy this situation the number of communes was reduced from about 8000 in 1948 to about 1135 in 1958 and the effort to reduce their number to about 800 is still continuing. There is great variation in the size and population of communes; there are communes with a population of 5000 and others with a population of more than 1,00,000 though on an average a commune, has a population between 25,000 to 30,000. With the increase in their size, there has been an increase in their competencies. Competencies of a commune now cover a little over 800 different tasks.

Town Councils.

4.4. The distinction that at one time existed between rural and urban communes has now been abolished. The law does not recognise

*Notes.—There are various types of legal prescriptions such as Laws, Statutes, Decrees and so on. All of them are covered by the term "prescriptions" but enactments passed by the Federal and Republican Assemblies are known as "Laws". Those of District and commune are not called "Laws".

towns as separate political territorial units and in most cases towns along with the neighbouring rural areas are constituted into a Commune. This is not so in case of cities like Beograd, Zagreb and four or five others—each of these have a few Ward-Communes. Along with the adjoining rural communes they constitute a district. Ward-communes enjoy the same status as other communes. For certain activities which have to be provided for the city as a whole, such as water supply and sewage disposal, public transport, general town planning etc., the law empowers the district to combine the work of the several ward communes for such activities; and to this end, the District can enact regulations which are obligatory on all its constituent units.

4.5. For towns, which are divided into ward communes but constitute only a part of a district in which the problems of agriculture are of major importance, the district can hardly devote necessary attention to the problems of the towns, the law makes it possible to organise a special intermediary organ viz., the Town Council. It can be formed in a number of ways. It may consist of members of district people's committee elected from the territory of the town or members of the town Wards or even a combination of the two. This is determined by the district.

4.6. Town council is not an obligatory institution and is established as and when necessary, the only exception being; if more than one half of the ward communes in a town make a request, the district is under an obligation to establish it.

4.7. Town Council is not an organ of Government and, therefore, has neither boards nor special administrative organs. Its decisions may be implemented by the administrative organs of the district who are under an obligation to do so.

People's Committee.

4.8. The People's Committee is the basic and most important institution of local government. Some of its duties are discharged by self-governing institutions such as economic enterprises social institutions as also by the meeting of voters etc.

4.9. The People's Committee both at the district and the commune level is the supreme organ of State authority and it discharges its duties independently without being subject to instructions or orders from the higher authorities. As a rule all the organs of the State administration are subordinate to the People's Committee except those which are by law authorised to discharge business of a republican, or federal nature and are, therefore, directly answerable to the republican or the federal authorities. In actual practice, however, there are no organs of this type except the People's Militia (Police). The People's Militia though a district and a republican institution is at the disposal of the commune for discharging such functions as may be entrusted to it by the Commune, to help it discharge its functions properly.

4.10. The People's Committee consists of two houses: (1) House or Council of Citizens which represents the citizens and (2) House or Council

of Producers which represents the Producers. The number of members in the House of Citizens varies according to the population usually minimum number is 50. The same is true of the People's Committee at the district level. The strength of the House of Producers is ordinarily fixed at 75% of the number of members in the House of Citizens. It may, however, in special cases be equal to, but can never more than, the number of members in the House of Citizens.

It will be useful to give a diagram of the People's Committee at the district and commune level—

(a) District (Appendix B).

(b) Commune (Appendix C).

ELECTION

I. Commune—

A—House of Citizens.

4.11. The House of Citizens is elected by all citizens of either sex of over 18 years of age by direct election through secret ballot. Generally each village or settlement represents one electoral unit. Towns or villages with a larger population are divided into several wards or units. As a general rule each unit returns at least one representative.

4.12. A significant innovation of Yugoslavian's electoral system is the method of nomination for election. The candidates are not sponsored by individuals. Nomination is done by voters in their meeting in each unit and by a majority of all present. Proposal for nomination can also be in writing—if at least 50 voters do so. The electors appoint a Commission which receives such nominations and puts them up in the voters meeting for decision. Generally, at least twice the number of candidates to be elected are nominated. The candidate who receives the largest number of votes at the ballot is elected. While Nomination is in the open meeting of voters, the actual election is by secret ballot. If, however, the number of candidates nominated is less than double the number to be elected, a candidate must receive a majority, not of the voters voting, but of the whole electorate. Thus if four members have to be elected in an electoral unit and only four, five or six have been nominated, this number being less than double the number to be elected, it is necessary that each candidate receives more than half votes of the entire electorate. If no candidate receives such majority, election will be held again. If in one unit or ward there are more than one settlements, for purposes of nomination, each settlement is treated as a sub-unit for holding meeting of voters.

4.13. After having made an effort to study the advantages of this system over that prevalent in our country we feel that in reality the elector does not acquire any special political right (of electing) as a result of an innovation in the system of nomination of candidates nor does it make, as is claimed—the citizen an active civil administrator.

B—House of Producers.

4.14. Here also elections are direct, the method of nomination is the same and electoral units are composed of individual groups of a few

industrial organisations. Two producers' groups elect members to this house—One consisting of industry, commerce, handicrafts; and the other of agriculture which includes rural co-operatives, workers and employees of the social farms. The number of members to be elected by each of the two producers' groups depends on their respective contribution to the gross product of the commune realised during the previous year. Within each group the number of members is determined by its number of producers. There may be several electoral units, each unit consisting of the same or similar branch of economy. Agriculturists must be members of a co-operative or workers in the social farms to enable them to participate as producers. Majority of the peasants are members of farm co-operatives. They and the adult members of their house-holds engaged in agriculture, elect representatives to their Council.

District

A—House of Citizens.

4.15. It is interesting to note that while the election to the House of Citizens is direct in case of commune, it is indirect in case of district. The number of representatives sent by each commune is in proportion to its population in the district.

B—House of Producers.

4.16. Election to the House of Producers is also indirect. The members of the Council of Producers in the Commune in the pertinent producer group (industry or agriculture) elect members to the House of Producers in proportion to the number of producers in each group.

The elections are held at separate sessions of the two houses. These elections, however, must be held within one month of the election to the two houses of the Communes.

Rights and duties of members of the People's Committee.

4.17. (1) Members have the right and the duty to attend meetings of the representative bodies to which they belong and to participate in the work of their councils and commissions.

(2) Every member has the right to attend meetings of a Council and/or a Commission even though he may not be elected to it. In such cases, he can participate in discussions but he cannot vote.

(3) He is entitled to submit proposals for decisions, orders, instructions on all matters within the competency of the People's Committee to which he belongs.

(4) He can put questions to the President of the People's Committee and Chairman of Councils in its meetings. Questions can be put both orally and in writing and the President of the People's Committee or of the Council is bound to give a verbal reply to the question at its next meeting.

(5) The members are under an obligation to attend meetings of their voters, to inform the voters about their own activities and about the work of People's Committee.

(6) A member of a People's Committee cannot be an employee in the administration of that particular Committee, or in the administrative service of a lower Territorial State Organ in that particular area.

(7) A member who fails in his duties as a member can be warned by the competent representative body. If he fails to attend the meetings of the Council to which he has been elected for six months without sufficient reasons the Council can propose action for his recall.

(8) Members enjoy certain immunities, akin to those of members of the Federal or the Republican Assemblies, for their actions performed by them as members of the People's Committee, Councils or Commissions. For example, a member can be prosecuted for penal action but cannot be put in custody without the previous approval of the People's Committee to which he belongs. This approval is, however, not necessary when the penal deed is such where custody is obligatory or where the penalty for the penal deed exceeds confinement for a period of more than a year. The People's Committee to which the member belongs has to be informed immediately after the initiation of penal proceedings.

(9) Members are responsible to the People's Committee for any loss or damage. If any damage or loss is caused to a citizen by their action the respective People's Committee of the district or the commune is responsible to the citizen.

(10) Members are entitled to reimbursement of expenses incurred on account of performance of their duties as members as well as to compensation for the actual loss of regular earning and also compensation for travelling expenses and lodging and boarding for the period of performance of such duties. The rates for these expenses are determined by Republican Laws.

(11) The membership ceases in the following cases:—

(1) Loss of voting right.

(2) Resignation.

(3) Court sentence for a penal deed, exceeding imprisonment for six months.

(4) Acceptance of a post in the administrative service of his People's Committee, or its lower territorial organ.

(12) A member of the council of producers ceases to be such member when he is discharged from the economic organisation to which he belonged.

(13) A member has a right of appeal to the People's Assembly of the concerned republic against the decision of the District People's Committee.

CHAPTER V

Local Government—Organisation—Executive and Administrative.

The People's Committee of a commune or district functions like any representative body. Its sessions are public. Ordinarily it meets once a month. The two houses have their separate sessions, but when questions relating to economic plan, budget or other important matters are to be discussed, houses meet in a joint session, presided over by the President.

5.2. The People's Committee is assisted by a number of advisory, executive and administrative organs in the discharge of its functions vide diagram at **Appendix B and C.**

5.3. *President:* The President of the People's Committee is elected from amongst the members of the house of citizens. His name must be sponsored by ten members of the house. He can be removed by the same body viz. House of Citizens. The same person cannot be a President for more than two consecutive terms i.e., more than eight years at a time. He represents the People's Committee and acts for the commune or the district as its legal representative. His main functions are:—

- (1) to convene meetings of House of Citizens, and preside,
- (2) to prepare the agenda for its meetings,
- (3) to preside over the joint-sessions of both houses,
- (4) to carry out the decisions of the People's Committee,
- (5) to have orders issued for execution of the schemes approved in the budget,
- (6) to co-ordinate the work of the councils and commissions of the people's committee.

He has the power to ask a council or a commission of the people's committee to put on the agenda of the Committee any particular question which concerns that organ.

5.4. All proposals regarding rules, etc. have to be sent by the councils and commissions to the people's committee through the President. If the decision of any council is contrary to law, the President requests it to reconsider it; and if the council adheres to its decision, he may stay its execution and submit the disputed question to the competent house of the people's committee for a decision. The President has the power to ask the secretary of the people's committee to submit to him the administrative report of the different departments for submission to the people's committee.

5.5. The president may stay the execution of any act of the secretary or of an administrative organ which is contrary to law, and may seek orders of the people's committee thereon. The president can order the head of any department, through the secretary or directly, to submit a report on any question concerning his work for submission to the people's committee. In urgent cases, he can appoint a commission to carry out functions entrusted by a higher organ. All such cases have to be submitted for approval to the people's committee at its next session. The president can in urgent cases also call a meeting of the council in case the president of the concerned council is absent or does not call a meeting even when requested by him to do so.

5.6. If the Head of any Department of a people's committee fails to give orders to the Police to carry out certain acts where police help is necessary the president of the people's committee can himself issue orders to the police for execution of such acts.

5.7. The president can appoint a person to conduct disciplinary proceedings against the Secretary of the people's Committee or against the Magistrate. The president can initiate disciplinary action against any employee of the people's committee if he does not perform his duties properly according to law. If the disciplinary court refuses to take cognizance or suspends disciplinary proceedings at any stage, the president has a right of appeal to the higher disciplinary court. The president signs all prescriptions on behalf of the people's committee. He countersigns orders of a Council which are signed by its president.

5.8. The president works full-time and gets a monthly salary which is paid to him in advance. During the tenure of his presidency he is not allowed to engage himself in any other gainful employment. He is entitled to a leave of absence for a period of 30 days a year.

Vice-Presidents.

5.9. The People's Committee can have up to three Vice-Presidents, who may also be paid a salary. The Vice-Presidents carry out functions of the president in his absence. They are also given some specific functions from the President's sphere of work. This is determined by the people's Committee. In our discussions we found that the recent trend is to have a lesser number of Vice-Presidents and to reduce the powers of the President and Vice-Presidents and vest them in the Councils and Commissions aimed at reducing the bureaucracy of the elected.

Commissions of the People's Committee.

5.10. Every People's Committee has five standing Commissions (Standing Committees). Two of them viz., (i) Commission on Elections and Nominations and (ii) Commission on Petitions and Complaints, deal with questions concerning both the houses. The three other Commissions viz., (iii) the Commission on Mandates and Immunity, (iv) the Economic Commission and (v) Commission on Regulations and Questions of Organisation are attached with each of the two houses. The House of Producers also has a Commission on Workers Self-management. The task of these bodies is to prepare proposals and to submit reports on all questions to be considered by the People's Committee. As a rule, no question can be considered by the People's Committee unless it has previously been examined by the appropriate commission.

5.11 The functions of the various Commissions stated briefly are:—

(1) The Commission on Elections and Nominations deals with matters concerning elections and dismissals of all elected organs of the People's Committees and all judges. It deals with the appointment of the Secretary and other employees appointed and/or elected by the People's Committees. It issues advertisement for recruitment of personnel and submits proposals for appointment which fall within the competence of the people's committee, and itself makes appointments to posts which it is competent to fill.

(2) The Commission on Petitions and Complaints deals with complaints sent to the People's Committee by the citizens, organisations or institutions. In dealing with such cases, it may obtain any information from the concerned administrative organ and may order it to annul any order or correct any errors or omissions. It has to inform the petitioner about the action taken.

(3) The Mandate and Immunity Commission deals with questions concerning the rights of immunity of members, ordering of new election to vacant seats of members and cessation of mandates. It has to inform the concerned house about its decisions.

(4) The Economic Commission deals with the draft economic plan, the budget and other economic and financial matters and informs the concerned house about its decisions on these questions.

(5) The Commission on Prescriptions and Organisational Questions of the House of Citizens deals with proposal for enactments proposed to be adopted by the People's Committee excepting those which belong to the sphere of the Economy Commission. It also deals with the questions relating to establishment (creation of posts) in the different organs of the People's Committee.

(6) The Commission on Workers Self-Government of the Council of Producers deals with all proposals and affairs in the sphere of self-managed sector of the economy and it informs the concerned organisations about its decisions.

5.12. The People's Committee or either of its two houses may constitute other Councils or Commissions if considered necessary. It may also appoint special and *ad hoc* or provisional commissions on a temporary basis for dealing with specific questions.

5.13. The first two commissions viz., (1) Commission on Elections and Nominations and (2) Commission on Complaints and Petitions, are elected by, and composed of, members from both houses. The other Commissions are elected by each of the houses separately from amongst its members. The Commission for Elections and Nominations, which also deals with recruitment, has a representative of the District People's Committee. The Presidents of the two houses, as well as the Vice-Presidents cannot become members of these Commissions. The number of members of these Commissions in each commune ranges between five and seven.

Councils.

5.14. Besides Commissions which are essentially deliberative and advisory bodies, the People's Committee also has executive and administrative bodies called Councils; their number varies from five to fifteen according

to the size and problems of a Commune or a District. These bodies had to be constituted because all executive and administrative functions had got concentrated in the Executive Committee of the People's Committee, which consisted of only a few members. This tended to become bureaucracy of a few elected representatives. The Executive Committees were, therefore, abolished in 1952 and Councils were created.

5.15. Experts and knowledgeable citizens are taken on these Councils so that their experience in dealing with relevant matters which fell within the jurisdiction of a Council is available to these bodies. This also has the salutary effect of minimising the bureaucracy of a few elected representatives.

5.16. The institution of Councils for executive and administrative matters having experts and knowledgeable citizens even from outside the membership of the People's Committee has appealed to us. It has helped in reflecting a realistic approach in the decisions of the People's Committee. Our spot study of this institution confirmed this impression.

5.17. The establishment of Councils for executive and administrative matters does not minimise the need or usefulness of permanent services. For continuity of work the need of permanent services is well recognised, though continuity in matters of policy, to a large extent, is maintained at all levels by the Party Organisation. The importance that the permanent services have was reflected in the law that was passed in 1958 to safeguard and strengthen the position of public services.

5.18. Almost all communes have councils for (1) Planning and Finance, (2) Economy, (3) Public Utility, (4) Housing questions, (5) Education, (6) Culture, (7) People's Health, (8) Social Welfare, (9) General Administration, (10) Mother and Child protection (welfare) and (11) Labour.

The People's Committee at the district level have councils for (1) Internal force (Police) and General Administration, (2) Economic plan and Finance (3) Industry, (4) Agriculture and Forestry, (5) Tourism and Hotel keeping, (6) Communal (Municipal functions) affairs, (7) Town Planning, (8) Labour, (9) Social Protection (welfare), (10) Education, (11) Vocational Education, (12) Culture, (13) Physical Culture, (14) Health and (15) Housing.

The lists are only illustrative. The number of councils and subjects allotted to them may vary from district to district and commune to commune.

5.19. Councils are constituted by Statute of the commune or the district which also determines their sphere of action. The composition of the councils is determined in a joint session of both houses of the People's Committee.

The Councils are composed of members of the People's Committee and other citizens who mainly represent organs of social management in the relevant field as also representatives of groups of citizens whose problems the council deals with. At least two of the members of the Council must be members of the People's Committee. The President of the Council need not be a member of the People's Committee. The President, Vice-Presidents and officers of all organs of administration of the People's Committee cannot be the members of the councils. Councils are appointed by the People's Committee for one year at a time.

5.20. The Councils are competent for the following:—

(1) To ensure execution of the laws and regulations of higher state organs as well as of the People's Committee.

(2) To see that the administrative organs execute their decisions and for this purpose they have the power to supervise the working of the respective administrative organs.

(3) To study the existing conditions and the requirements in its respective sphere and to suggest to the People's Committee such regulations, prescriptions etc., as may be called for.

(4) To put up proposals regarding elections and nominations and dismissals (within its competency) to the Commission for Elections and Nominations and to the Commission for Prescriptions and Organisations.

(5) To propose the establishment, amalgamation or abolition of institutions and enterprises.

(6) To issue orders and undertake steps regarding the management and disposal of social property.

(7) To stay the execution of illegal acts of an administrative organ which are ultra-vires of the prescribed administrative procedure.

(8) To prepare draft prescriptions.

(9) To examine the requirements of institutions and independent organisations and to recommend to the People's Committee, necessary steps for their improvement.

5.21. A Council may also issue ordinances and administrative instructions when specially empowered to do so. It may determine the directives for the work of the administrative organs. It may also be authorised to deal with the question of relationship of the commune with the concerned independent institutions and organisations.

These are some of the powers which are common to most of the Councils. Changes in their powers and functions are continuously taking place and the communes and the District are delegating, to the councils such of the powers as are considered essential.

5.22. The councils are responsible to the People's Committees which can annul or abolish any of their illegal acts. The People's Committee can also give fresh directions in respect of matters which it has cancelled. When a subject before one council also concerns another council, it will take a decision in consultation with such other council. In the event of any dispute as to the competency of any particular council to deal with a particular subject the president of the People's Committee will decide as to which council should deal with it. The council which does not agree with such decisions can request the People's Committee to decide the point.

5.23. The business of the council is transacted in its meetings. A valid decision can be taken by majority of members of the council present. The members of the People's Committee, who are not members of a council, can participate in discussion, but have no right to vote. It is obligatory

for the Head of the Department dealing with a subject, dealt with by the council, and for other officers if invited, to be present and furnish necessary information. The concerned administrative unit has also to keep the council informed about its work and furnish such information as may be called for from it from time to time. The minutes of the meetings of the council have to be submitted to the President of the People's Committee through the Secretary. The Council has to examine the work of its related organs of administration from time to time but it must be done at least once in every six months. Such of the councils as deal with social organisations and institutions have to examine all proposals coming from them and give them their considered views on the matters referred to them. Every council has to submit to the People's Committee once every year a report about its work. The council puts up its working plan for sanction of the People's Committee. For any specific questions which require study and detailed examination the council is empowered to appoint commissions. The commission so appointed has no right to take a decision; it can only place its proposals for consideration of the council.

5.24. The President and Vice-President of the People's Committee and Presidents of other councils participate with full rights of members during the sessions of the council for plan and finance when social plan, budget and annual accounts are discussed. Such meetings are presided over by the President of the People's Committee, and a valid decision can be taken only when two-third of the members are present and the decision is by majority.

5.25. The draft social plan and the draft budget have to be published so as to enable the local committees* and voters meetings and other economic organisations and institutions to give their comments or alternative proposals. Such of their proposals as are not approved by the council have to be brought before the People's Committee for decision.

5.26. We would like to add that the constitution of Councils is characteristic of the Yugoslavian system of Local Government, which is based on the principle of "Government by assembly". The basic functions of the State namely legislative-executive function, belongs only to the People's Committee. The People's Committee entrusts the executive function to its direct executive organ, the council. Normally councils are organisations which combine the element of State authority and social government as it comprises of members of the representative body and citizens who, as a rule, are nominated by economic organisations, specialised associations, schools, social organisations and other independent institutions based on the experience of the individual nominated.

5.27. The Councils perform an important role in the life of the commune. They are a constant and living link between the commune and its population, social organisations and organs of social management. The People's Committee does not delegate its executive functions to administrative authorities (permanent services) but to the councils. The Councils also serve as a link between the People's Committee and its administrative authorities. This prevents isolation of administration.

*Local Committees are representative bodies below Commune, created by statute of the commune vide chapter V paras 5.47 to 5.54.

Administrative Organisation.

5.28. For enforcement of laws and implementation of decisions, for elaborating and preparing drafts for the People's Committee and its councils, for organising administrative services and for performing other administrative and technical work, each People's Committee has its own administrative organisation. It consists of departments, administrations, inspectorates, administrative institutions, commissions and local offices. The organisation is constituted by the People's Committee and headed by a Secretary*. He may be assisted by an Assistant Secretary if necessary. The Secretary is subordinate to the President. He is appointed by the People's Committee at a joint session of both the houses, from a panel submitted by the commission for appointments. The minimum qualification prescribed for an incumbent to this post is a degree in law.

Secretary of People's Committee.

5.29. The main function of the Secretary is to organise and supervise the working of the various departments of a commune or a district and co-ordinate their activities. In important matters he has to give legal opinion to the People's Committee and to its councils. He brings to the notice of the President, such decision of the People's Committee (either house) or Council which appears to him contrary to law. He himself can stay execution of the decisions of the departments under his charge, which are contrary to law. He is, however, required to inform the President of the People's Committee and the President of the concerned council of his such decision immediately after it has been taken. The Secretary has to attend the meetings of the People's Committee, and can participate in the discussions but has no right to vote. He can attend meetings of the councils and take part in the deliberation, without the right to vote. He has to submit a report to the People's Committee regarding the working of the administrative departments and of the steps taken by him to improve their working or the action taken to remedy any defects noticed by him.

5.30. As head of the administrative organisation he is in charge of the permanent employees regarding their service conditions and disciplinary matters. He is authorised to delegate some of his powers regarding disciplinary control to the departmental heads. With the approval of the President, the Secretary may request a council or other administrative organ of the People's Committee to put, on the agenda of its meeting, any question relating to the activities of a department and its personnel. In case the organ concerned refuses to consider his request, he has to report such cases to the President of the People's Committee for such action as he may consider necessary.

5.31. He can, for special study of certain matters form Commissions and nominate its members in case the heads of the administrative organs are not authorised to do so. Such Commissions have to submit their reports to the People's Committee through him and he has to give his comments thereon.

*Secretary in this context is a permanent civil servant.

The different organs of administration are under an obligation to send all their drafts and regulations to the Secretary for his opinion before they are considered by the People's Committee or its Councils.

5.32. In order to enable the Secretary to discharge his functions enumerated above he has a small establishment directly under him.

Departments.

5.33. The People's Committee at the commune level deals with subjects such as:—

1. Agriculture, Veterinary and Forest, Cadastral survey.
2. Trade, Commerce and Industries (founding of economic enterprises) including tourism and catering.
3. Labour.
4. Social or public services like public health, children protection, protection of adults, education, culture, housing and management of social properties and matters of municipal and communal nature.
5. Finance and budget including levy and collection of taxes and giving grants-loans and guarantees.
6. General administration and internal force (police) which includes local assistance to citizens, fire protection and registration and issue of certificates of birth, marriage, death etc.
7. National defence which means recruitment for the national army and mobilisation of civil population.

These subjects are distributed among the different departments and sections of the administrative organisations of the commune. Each department or section is put under a departmental or a sectional head.

5.34. Qualifications for each head of the department are prescribed; generally they are graduates in their subjects. The heads of departments or sections have direct connections with the relevant council of the People's Committee and they are bound to attend its meetings, though they have no right to vote. The head of the department or the section performs almost all functions of the Secretary as far as his department or section is concerned, of course, this is subject to the general directions and supervision of the Secretary. He has to report to the Secretary about the working of his department or section at regular intervals.

Role of the Department.

5.35. The departments and sections are responsible for enforcement of laws and other regulations, the technical preparation of cases for submission to the People's Committee and its organs, the implementation of its decisions, the discharge of other administrative business and to attend to the other technical details of their work. The departments and sections are independent in taking administrative actions in respect of matters and to the extent, specified by law.

5.36. Apart from the departments and sections the People's Committee may constitute separate administrations, inspectorates and commissions.

The function of administration is to study special problems relating to its sphere of activity and to put up proposals to the People's Committee through the appropriate administrative organ and to implement decisions of the People's Committee or to implement its own decisions which fall within its competence. The establishment of administrations is not uniform. They vary from area to area according to special requirements.

5.37. In order to exercise control over the implementation of laws and other prescriptions by institutions, organisations and citizens, inspectorates are constituted. These deal with economic enterprises, socially managed institutions and other organisations and report to the People's Committee about their working in a limited sphere i.e. only as far as observance of laws is concerned. They are in no way supervisory or controlling in nature.

5.38. The third institution which finds place in the administrative set up of the People's Committee is the "Commission". A commission is constituted for discharge of specific administrative problems in which two or more organs of administration or independent institutions are interested, or for such affairs which though falling fully within the competence of an individual organ of administration, require collective treatment.

The concerned department provides necessary technical and administrative services to the commissions.

Local Office.

5.39. The commune may organise a 'local office' in the territory of a local committee to serve as an administrative branch of the People's Committee and to expedite despatch of such business as issue of various testimonials and other documents and to keep the record of births, marriages and deaths, to issue certificate regarding cattle and/or their sale. It helps the administrative organs of the People's Committee in collecting taxes, statistical data and enforcing obligatory health measures both for men and cattle. Plant protection is also a part of its duties.

5.40. The 'local committee' as a part of the People's Committee is expected to see that functions entrusted to it (the local office) are properly discharged, particularly, in matters which relate to the citizens such as issue of correct birth and death certificates.

5.41. It may be noted that the administrative pattern of communes differs considerably and is determined by their level of economic and cultural development, size and population. The administrative pattern is always determined by the People's Committee itself. In small rural communes, there may be only a single administrative organ viz., the Secretariat; the work of the Secretariat being the direct responsibility of the Secretary of the People's Committee. The Secretariat may have only divisions and departments. In more developed communes there may be divisions, departments,

administrations, inspectorates, councils, administrative institutions and commissions. Communes may also have planning and statistics office, land record office, housing directorates etc. This again depends on the degree of their development.

5.42. In spite of the variations indicated above, following principles are uniformly applicable to the administrative organisation:—

(1) It is the exclusive responsibility of the administrative organ to look after such of the administrative tasks as are placed within its competence by the People's Committee or its council by prescription or statute. Within these limits the administrative organ is independent.

(2) Directives are given in writing and relate to the method of enforcement of the statute or prescription which are issued as and when need arises.

(3) The administrative organs employ professional full-time functionaries who enjoy the same status as Government servants. They are independent in the performance of tasks assigned to them. They are appointed by the People's Committee which has to obtain approval of a special commission for personnel in the District People's Committee. For employees of the District People's Committee, approval has to be obtained from the appropriate Republican State Secretariat or its other administrative organ.

5.43. Relations between Federal, Republican, District and Communal organisations of administration are regulated by law. These are bound to offer mutual expert assistance and co-operation. To supervise the implementation of federal provisions its (Federal) organs of administration may ask their counterparts at the Republican, District or Commune level to report on execution and implementation of such provisions, may draw their attention to acts which violate such provision and may propose their repeal or annulment. Similarly Republican and District administration may ask from their counterparts for information and data concerning implementation and execution of Federal, Republican and District prescriptions or such other information, as may be necessary.

5.44. For such of the activities which fall within the exclusive jurisdiction of the Federation, Republic or District, their administrative organs are empowered, within the prescribed limits, to issue instructions of a binding nature to their counterpart at any of the lower levels and to ask them to implement the prescriptions. If the competent organ fails to do so, they may directly act.

5.45. Similarly, relations of the organs of administration towards independent institutions and organisations are determined by law. The organs of administration superintend the work of these institutions and organisations—particularly their administrative aspect.

5.46. The pattern of organization (both executive and administrative) at the District level is similar to that at the commune. The District naturally, does not have 'Local Offices' and 'Local Committees' which the commune have. The District Establishment is also comparatively smaller as the number of functions is less.

Local Committees.

5.47. Communes which have several settlements (villages) in their jurisdiction may form Local Committees to bring Government closer to the people and to enable their wider participation in self-government. For forming such committees the commune may enact a statute. Generally local committees are formed where the size of the commune does not lend itself to direct participation of its citizens or when the local population expresses a desire for formation of local committees. The only exception is that a local committee is not established at the headquarters of the commune.

5.48. Local Committee of an area consists of its elected representatives in the People's Committee plus a few representatives of the citizens elected by the voters' assembly.

5.49 A Local Committee is not an independent organ of Government but an organ of the Commune to discharge such of the tasks as may be entrusted to it. It is, therefore, in the nature of a local sub-committee of the People's Committee. It is constituted primarily for drawing up of plans, and execution of works of minor nature and serves as a liaison between the voters and the People's Committee. Local Committee is mostly concerned with projects which involve people's voluntary contributions. It submits proposals for felt needs of minor nature of the local area and receives help from the People's Committee for their fulfilment. In consultation with the voters' assembly, it puts up proposals for drawing up of plans.

5.50. Some of the functions of the Local Committee are:—

(1) To look after maintenance of works, buildings and services of local utility such as roads and streets, public wells and water-pipes, water for cattle, public lights, parks etc.

(2) To manage social property given to it for use.

(3) To look after local pastures and their proper utilisation. It can also raise income from pasture and use it.

(4) To look after the cleanliness and maintenance of local market, streets, drains and grave-yard.

(5) To organise measures to avoid or deal with fire, floods and other calamities.

In case the local committee fails to carry out any of the functions properly or in time, the People's Committee may directly act.

5.51. The local committee helps in implementation of laws and regulations of the People's Committee, by informing and educating the citizens about such laws. It submits proposals to the People's Committee for such measures as will ensure better implementation. It also suggests measures for protection of children and other handicapped people. It keeps in touch with the work of officers of the People's Committee while they operate on its territory and proposes to the People's Committee measures for improvement in their work.

5.52. On being invited by the People's Committee or its Commissions and Councils it gives its opinion and submits proposals on questions referred to it. The People's Committee having control over the local Committee has a right to annul or abolish any of the acts of the local committees which are contrary to the law. The People's Committee has a right of supervision over the entire work of the Local Committee. It may, therefore, even annul or abolish incorrect acts of a Local Committee, though they may be legal. The Local Committee, however, can take independent decision in matters which fall within its competence.

5.53. The citizens of a Local Committee area have a right to inspect the 'minutes book' which contains resolutions of the Local Committee and an aggrieved party has a right of appeal to the People's Committee.

Mode of work.

5.54. The Local Committee elects its President at its first session. The President convenes meetings of Local Committees. Decisions are taken by majority and recorded in the local office. The Local Committee has to submit its annual report once a year to the People's Committee. The President and members of the Local Committee are honorary workers.

The Local Committee can get its decision executed either through the local office or can implement it directly.

Reception Room.

5.55. Some of the Commune People's Committees have begun organising a 'Reception Room' to receive applications etc. from citizens and to send them to the concerned organs for necessary action. If necessary the Reception Room can recall an earlier letter sent to one organ and send it to another for necessary action. After immediately consulting the concerned organ it has to inform the applicant of the date and time when he may call again to know the action taken.

5.56. It is the function of the Reception Room to keep the citizens informed about the work of each organ of administration, about the time when citizens are received and about the manner in which different matters can be referred to different organs of administration.

Legal Assistance.

5.57. For rendering legal help to the citizens such as informing them of their rights, making applications and reports etc., a service for legal aid is being formed in some of the communes. The District People's Committee also may form such service for citizens of communes which do not have such service.

Judicial.

5.58. There are three types of courts in the country:—

- (1) Regular courts—to deal with civil and criminal matters.
- (2) Economic courts—to deal with disputes between
 - (i) two economic enterprises

- (ii) an economic enterprise and a local body.
- (iii) an economic enterprise and a socially managed institution.

(3) Military courts—to deal with offences in that sphere.

5.59. At the Commune, the People's Committee appoints a Judge for Transgressions (Magistrate) to deal with minor offences etc. He has to be a law graduate. The Committee also appoints two citizen-judges out of a panel prepared by it. The Magistrate together with two citizen-judges forms a 'Council' of Transgressions, over which he presides. Decisions are by majority. Citizen-judges are not mere jurors but have status and rights of a full judge, so much so that in the event the Magistrate differs from both of them their majority judgement will prevail—though in such cases, the Magistrate can record his own opinion. The Council hears appeals from decisions of the Magistrate acting as a single judge. It is some what like our Nayaya Panchayats.

There is a similar structure at the District level also.

Disciplinary Courts.

5.60. There are disciplinary courts—mainly to deal with disciplinary proceedings against employees of People's Committees of Commune or District, and such of their institutions, as are not governed by other disciplinary bodies. People's Committees at Commune and District level elect the Chairman and two members of such court. Two out of these—Chairman and one member, are to be graduates in law and also to be members of People's Committee concerned, the third member may be an employee of the People's Committee or its organ or institution. Usually the third member at the district level is a representative of a Trade Union.

5.61. For all the types of courts there are similar courts at higher levels. The 'Supreme Court' and the 'Supreme Economic Court' being the highest Federal level bodies.

CHAPTER VI

*Local Government—Functions.**Commune.*

The fundamental task of a commune, according to Yugoslavia concept, is "harmonization of the individual interests of the citizen and the general interest of the society, as well as continual concern for the realization and protection of the personal and political rights of the citizens by supervising the work of different authorities in the commune from the legal stand point".

6.2. The Commune co-ordinates the interests and activities of the economic organisations and the general interest of the society by encouraging the development of these enterprises and by providing the necessary conditions that would help in increased production. In essence, economic development in its territory is its main responsibility.

6.3. In pursuance of these objectives, Commune has the following important functions:—

(1) In conformity with law, to utilize its part of the national income, which accrues in its territory, for economic, social, cultural and other requirements of its area.

(2) To establish economic enterprises and communal, cultural, educational, health and social institutions. Economic enterprises are managed by workers while other institutions and organisations are managed by the beneficiaries, interested associations and the people employed in them. Co-ordination between the Commune and the economic organisation is secured through the agency of social plan which serves to regulate the material obligations of the economic organisations towards the commune. These obligations, by the very nature of things, have to be consistent with the capacity of the enterprise and without detriment to its operational efficiency and future expansion. The appointment of the directors of the economic organisations is made by the Commune. In the past, it used to carry out inspections of acts of "Workers Councils" and the "Board of Management" not only from the legal stand-point, but also financial. However, the latest decision is that financial inspections will be carried out by the inspectorate of the National Bank and reports of such inspection will be made available to the Commune, which, after examination, will take necessary action within its powers.

The Commune secures necessary material resources for the establishment of new enterprises either by providing funds from its own resources or by offering guarantee for long term loans for which it charges

5% Commission. It also approves rates of wages and salaries of the employees of these enterprises. It, however, has no right regarding organisation of the production, labour processes and economic and administrative operation of the enterprise. An enterprise is free to prepare its own plans and programmes.

The educational, cultural and other institutions which are socially managed, are not under its direct administrative control; its role, being restricted to supervision over lawfulness of their actions and some other rights depending whether such institutions are financed from the budget of the Commune or they are financially independent. The sphere of control also varies with the nature of functions performed by these institutions. For instance, in the case of a school which falls under the first category, it would be an organ of the Commune that would invite applications for recruitment of teachers and appoint them. Elementary Education is its special care.

The duty of the Commune is to organise or help in the general and vocational education and to ensure conditions for cultural development in its territory.

(3) It has also certain responsibilities to discharge towards social welfare with particular reference to the protection of childrens, interests by appointing guardians for persons and property of children and other handicapped persons, as well as for the property of those whose whereabouts are not known. It is one of its important functions to have complete list of such persons.

(4) A citizen in Yugoslavia is entitled to free medical treatment in the following cases even though he may not be insured. The cost for such treatment is borne by the Commune unless by specific law, it is to be borne by some higher Territorial State organ. It is entitled to get assistance from the higher local bodies to meet the expenditure in this behalf:—

- (i) acute infectious diseases,
- (ii) tuberculosis,
- (iii) mental diseases,
- (iv) cancer and diseases of congenital or acquired deformities.

In order to discharge the above responsibility, it has to set up hospitals and health institutions including maternity and children's hospital, health pharmacies, from its own funds. The Commune is responsible for vaccination, inoculation, control of infectious diseases and other hygienic measures.

(5) To organise public utility services such as road, transport, water-supply and sewage network, parks etc. Two or more Communes may agree to organise a common service.

(6) The Commune is incharge of lands and buildings in its territory. These constitute national property except such of them which may be in the ownership of some other territorial state organ, organisation or individual.

(7) The Commune is responsible for construction of residential houses for citizens. For this purpose, it has to create a Housing Fund from its own budgetary resources and can earmark some items of its income to build up this fund.

The economic enterprises also create similar Funds. These help them to secure loans for their own programmes of housing.

(8) In the sphere of communal affairs (i.e. municipal or civic functions) it is responsible for drawing up general plans—Town plans and Country plans. It is assisted in this work, in most cases, by Town or Country planning institutes, which are constituted at the district level.

(9) In the sphere of internal affairs it has the following functions—

- (i) Maintenance of vital statistics—registration of births and marriages and deaths and issue of certificates.
- (ii) Maintenance of law and order—control of meetings and protection of personal properties of individuals and of social property.
- (iii) Recruitment of citizens in case of emergency to the national defence forces.

(10) Judicial functions—

Judicial courts—To appoint and dismiss magistrates at the commune level. It can also establish Public Attorney's office.

6.4. The People's Committee executes or implements the provisions of laws, regulations etc., passed by the higher organs of State Authority unless their execution has been reserved for any other State authority. In some cases, the Commune works as the agent of higher State Authorities and performs functions on their behalf. An important example is collection of taxes. Here the administrative organ of the local government at the commune level is responsible for collection of the taxes of all higher organs of State authority.

6.5. Commune has a right to discuss questions which do not form part of its competencies. It can make recommendations to the appropriate higher territorial organ of state authority for consideration of such questions.

6.6. The above are only some of the important items which are included in the sphere of the activity of the people's committee at the commune level. The total tasks for the commune as stated earlier number over 800.

District.

6.7. As a result of the various changes effected in the system of local government, the district which till 1955 used to be very important, has gradually been divested of most of its former powers—these having been transferred to the commune.

Broadly speaking, the functions of the People's Committee at the district level now are:—

- (1) To supervise the legality of actions of lower bodies,

(2) To watch the interests of under-developed areas (communes) in its jurisdiction.

In order to enable it to discharge this particular responsibility, the republic makes special funds available to the district. From out of these funds as well as from its own resources it helps the under-developed communes. For instance, in a commune where the number of schools is below the average number of schools in other communes, the district organisation steps in to bring it up to the district average. In the same way, investment funds are also made available by the district body.

(3) To establish economic enterprises which are beyond the competency of a commune.

(4) To direct economic development and secure conditions for development of productive forces and the economy of the district as a whole.

(5) To draw up the social plan for the district. It is at this level that within the frame work of national and republican priorities, the plans of the communes are co-ordinated. It helps communes and other institutions by making available to them experts to draw up their plans. The assessment of personnel requirements in all organisations within the district and arranging their training is its special responsibility.

(6) To manage the general people's property vested in it by law and to dispose of the income of the district.

(7) To organise and establish institutions of technical nature which may assist proper implementation of the various programme. It also organise training of employees of District and Communes. It also makes funds available for establishment of such training institutions.

(8) To co-ordinate the work and interests of independent institutions and organisations of the district with the overall social interests.

(9) To regulate on its own initiative tasks of common interests to the communes in its jurisdiction. To organise public utility and other district services.

(10) To provide for improvement of public health and schools and educational activities of interest to the district as a whole.

(11) To look after the militia (Police) which is a republican force. It has the power to transfer the police personnel within the district. To arrange for public security.

(12) To establish district and county courts and to appoint regular and citizen judges.

(13) To collect statistics. This is its special responsibility.

(14) To determine Cadastral (land) Revenue.

6.8. It may, however, be noted that no organ of the district people's committee operates directly; it always operates through the commune.

Most of the supervision and guidance is provided by discussions and not by issue of instructions.

6.9. Both in the sphere of industrial and agriculture production programme, the district people's committee plays an important role through the Co-operative Societies as it makes available to them funds in the form of loans and grants as well as technical know-how. Production programme of agriculture, animal husbandry and afforestation is implemented through the co-operative societies or special institutions. The District People's Committee has for this purpose special councils which regulate the production programme in agriculture by laying down the crop pattern and also reserve land for afforestation.

6.10. As the highest organ of Local Government it is responsible to give relief to sufferers from natural calamities like fire, floods etc.

6.11. We have only broadly indicated the functions of the district people's committee. There are other spheres of its activities. Even for some of the activities transferred to the sphere of the communes the district People's Committee also some times comes in the picture.



CHAPTER VII

Local Government—Resources and Budget

Commune.

The Commune has its own sources of revenue guaranteed to it by law. The financial resources of the Commune mainly consist of—

- (1) Budget income, and
- (2) Income from funds.

The Budget income is derived from—

- (i) individual citizens,
- (ii) economic enterprises—income from enterprises, institutions etc.
- (iii) higher levels of government namely District, Republic and Federal; and
- (iv) extraordinary receipts.

7.2. The income from individual citizens accrues in the shape of special contribution related to the aggregate salary of workers. It is paid by the employer and is not deducted from the wages/salaries of the workers. Income also accrues to the Commune from personal income of workers, which is paid by workers.

7.3. Another important source of revenue for the Commune is the taxes. In addition to the land rent paid by the economic enterprises, the Commune receives part of income-tax (income from agriculture, independent professions and assets, temporary incomes and income from employment of hired labour) inheritance and gift taxes, turn-over tax (Sales-Tax) and communal (municipal) rates. The rates are introduced by the Commune to meet communal, economic, health, social cultural and other expenditures. It would be interesting to note that by a decision of the meeting of voters, a section of the Commune, a village or a hamlet or even a street can levy local rates for the purpose of buildings, streets, roads, health or social institutions and for providing sports and cultural facilities. The decision to levy these special rates is taken by the citizens themselves. It becomes binding as soon as it is adopted by the People's Committee of the Commune. This appeared to us a very healthy system which could with advantage be developed in our country. Besides, the District may also allot a share of its rates and taxes to the Commune.

7.4. In addition to these the Commune may also have from the district, subsidies for under-developed Communes. These are primarily used to finance, social welfare, public health, education, cultural institutions, public administration, communal and other public services. The guiding principle is that such funds are used for setting up and expansion of such services from which no profit could accrue to the Commune.

7.5. A turn-over tax (sales-tax) can be imposed by the Federal laws as well as by a decision of the People's Committee of a Commune. The Federal Tax on turn-over is levied on private persons and professions, on sale of wines and brandies etc. The turn-over tax levied by the Commune is generally on retail sales. A further tax on the total income from agriculture and also from independent professions and property is levied. The Commune has powers to levy sur-tax or a surcharge on tax particularly on total income from agriculture as well as total income from independent professions and property (excluding supplementary employment and periodical earnings of a casual nature). This surcharge is paid by individuals and not by the employers. No exemption is allowed from this surcharge.

Another source of revenue is the stamp duty imposed by a Commune.

7.6. The Commune may also have extraordinary receipts in the nature of grants-in-aid, from the higher territorial organs for under-developed Communes or for specific social services. Income from loans that the Commune may raise and income from liquidation of funds created for specific purposes are also extraordinary receipts.

7.7. Contribution by way of a percentage share of the net profits of economic enterprises according to the Federal law passed each year, is an important source of income for the Commune.

7.8. The income from the above sources is in the nature of budgetary receipts and is primarily used for financing of institutions of education, culture, social and health protection, State administration and public utility and other public services. After making provision for these, the receipts can also be utilised for non-economic investments.

7.9. Investments in economic enterprises are financed from special funds created by the Commune. The territorial state organs at different levels have their own investment funds. Such funds are constituted by earmarking incomes from certain sources e.g. income from vehicle tax is credited to Road Fund. Special funds are some times created for development of agriculture and forestry, while housing is financed from housing fund. The Housing Fund is created by an assessment of 6% to 10% on the earnings of every worker or employee in the territory of a commune. Fifty per cent. of this is credited to the fund and the remaining 50% is utilised for repairs of houses and repayment of loans taken. This assessment is paid into the housing fund by enterprises, institutions and private employers. The fund is managed by boards which ensure that it is utilised efficiently.

7.10. The Social Investment Fund is created for founding and developing economic enterprises. Sometimes, investment is made even in bigger factories. Funds are also created for protection from floods etc.

The resources of a commune depend on the degree of its economic development as well as the financial prosperity of the citizens in the Commune.

District.

7.11. The normal receipts of a district include its share from the profits of economic enterprises, share from income-tax, contribution from employers on aggregate salaries realised in the district, turn-over tax from economic professions and trade, and certain duties. The share from income-tax to be given to the district is determined by Republican Law. Likewise, the share of Income-tax to be given to the Commune is determined by the district. The district may also have sometimes extraordinary receipts.

7.12. A summary of budget of a Commune is given at Appendix A. It would be seen therefrom that the various heads of receipts have been dealt in this Chapter earlier. It would further be seen that the main heads of expenditure are education, culture, social protection, health protection, state administration, communal (municipal) activities, non-economic investment, allotment of social organizations, re-payment of loans and budget reserves. Education forms the biggest single item of expenditure.

Federal law lays down a percentage of the budget, which is obligatory to be provided as budget reserve. For the year 1959, it was 6%. This reserve is meant to cover items of unforeseen expenditure that may have to be provided for during the year. Budget is ordinarily passed before the beginning of the year for each successive year, failing which interim financing is effected on the basis of the previous years' budget.

The receipt and expenditure in every budget must balance. Grants may be given by higher bodies for balancing budgets, if necessary, and for execution of tasks in which the commune or the district participates with the higher body and for setting up and expansion of social institutions.

7.13. Each Territorial State Organ prepares and passes its own budget. The budget is a reflection of the total socio-economic activity of the Territorial State Organ. The mechanism of preparation of the budget is as follows:—

7.14. Economic enterprises and socially managed institutions prepare their individual proposals and plan for the next year and frame their own budget. These budgets are sent to the Commune. In the Commune, these are scrutinised by the respective councils and the modifications and comments made by the councils are conveyed to these institutions and enterprises so that when the budgets are considered by the People's Committee of the Commune, the representatives of these enterprises and institutions can put-forth their point of view adequately. The Commune budget contains provision for only such portion of the budgets of individual institutions and enterprises as has to be provided from it. The budget as finally prepared by the Commune serves as the guide for the activities of these enterprises and institutions.

7.15. Uptill now budgets of institutions which received cent per cent grant from the Commune, were sanctioned by the Commune. These institutions had, therefore, very little scope of attending to their local requirements. Besides, it always took quite some time for the Commune to indicate to them the amount that would be made available for specific activities and this adversely affected their work. It is, therefore, now proposed to give a lump sum allotment to these institutions under two broad categories viz., recurring expenditure and capital or non-recurring

expenditure such as expenditure on buildings, equipment etc. The non-recurring lump sum allotment is non-lapsable and its un-utilized portion is available for utilisation even in the next year. The un-utilised balance of the recurring allotment, however, lapses.

7.16. Likewise, District Budgets are framed keeping in view the requirements of Communes particularly under-developed areas.

7.17. In the context of the budgets of the district and the commune, it would be interesting to note that the Local Committees ordinarily have no formal budget. Certain local revenues such as income from pastures or from social institutions as well as share of some other income that may accrue on its territory, is utilised at its sole discretion by the Local Committee, subject, of course, to the approval of the "Voters' Assembly".

In respect of any further requirements of the community, the Local Committee frames its proposals for consideration of the People's Committee and carries out work to the extent the People's Committee approves.



CHAPTER VIII

Local Government Service.

The importance attached to permanent paid services has already been referred to earlier. The efforts made and being made to improve this instrument are worth relating.

8.2. Immediately after the war of Liberation and enactment of the constitutional law in 1946, the State administration was weak because of lack of qualified and trained permanent public servants. This was partly because the new regime did not trust the experienced officers of the old regime for posts of responsibility, and partly because demand for personnel in public services increased owing to introduction of local government. The expansion of social services and other technical and semi-technical institutions also resulted in greater demand for trained and experienced personnel.

8.3. Educational facilities being inadequate and there being then no training institutions in the country, services had to be manned by persons with inadequate educational qualifications and with hardly any training. This created a vicious circle—inexperienced men meant less out-put and less out-put meant requirement of more people.

This problem was tackled in two ways viz.,

(1) by re-organizing the administrative organs-posts were classified and methods of work were improved; and

(2) by organizing inservice training programmes.

This was a short-term solution. For long-term programme, educational facilities were extended and administrative training centres started in different parts of the country. In these institutions training to improve the skill in office-work and work of administrative type is provided. Training in ideological theories pursued by the Country forms an integral and important part of the syllabus. Such of the trainees who do not satisfy minimum academic qualifications are also given lessons in the language of the country as well as in one or two foreign languages.

8.4. Having made provision for educational and training facilities recruitment is now being progressively limited only to qualified personnel. For every post, basic minimum qualifications are prescribed. A higher post carries higher academic qualifications.

8.5. Public services in Yugoslavia are of a non-hierarchical character for promotion purposes. Every post is advertised by the appropriate commission for appointment and every employee in the public service or in private service can apply. The Head of the organisation is bound to

forward such application*, and on the basis of merit and service record, appointment is made. This is the only method by which the people rise.

There is nothing like promotion system of the kind that we have. It is very rare that without such qualification but mainly on the basis of experience on a lower post, people may be automatically promoted to higher posts.

8.6. The emphasis on non-officials doing most of the work and the trend in the initial stages to reduce the discretionary and decision-taking powers of the public servants had its repercussions. It was soon realised that in order to have efficiency in administration, a contented, disciplined and independent public service was necessary. It was also realised that too much emphasis on reducing the importance and status of the public servant was not in the interest of the working of the social system. It was, therefore, considered necessary to safeguard his independence within the sphere of his activity and guarantee him by law his service conditions. Law on public services was, therefore, enacted in 1958.

8.7. According to Yugoslavian concept a public servant is a professional specialist, performing a public function within the framework of the powers delegated to him and under the directive of the political body at each level of territorial State organ. Public service in Yugoslavia broadly includes not only employees of State organs or institutions but also the employees working in educational, scientific, cultural, health and social institutions. It does not, however, include those engaged in economic enterprises and economic organisations.

Emoluments.

8.8. The system of emoluments is interesting. Salaries for posts are fixed and do not have a time-scale as in India. Emoluments are, however, made up of two parts—one called “basic pay”, which depends on the basic minimum qualification required for a post, the other called “position pay” depends on the nature of responsibilities etc. attached to a given post. Basic educational qualification on which basic pay depends are mainly of four categories—(1) Elementary Education i.e. 8 years’ schooling—which by the way is compulsory for every child in the country. (2) Gymnasium (12 years’ of education). (3) Faculty i.e. University Education usually for 4, 5 or 6 years duration depending on the faculty such as Philosophy (Arts), Engineering Medical etc. (4) Higher schools i.e. 10 years’ education—8 years elementary+2 years of some special training administrative, technical etc. People, who could not go for Higher Education in the normal channel after elementary education, usually take up courses for different specialisations and after two years get a diploma of higher education.

8.9. The basic salary of each of these categories is the same. Thus, Graduates in philosophy, agriculture, veterinary, law, engineering or medical have all the same basic salary, unlike in India. The “position pay” is the mechanism by which they partly make adjustments—by giving higher

* Only in case of teachers the condition is that they cannot leave in the middle of a session.

"position pay" for personnel in short supply. In a commune, for example, let us say there are three graduates—one is selected as a Secretary, another as a Head of Department and third as a clerk. Then the "position pay" for Secretary would be 10,000 Dinars,* for the Head of the Department 8,000 Dinars and for a fresh clerk nothing. This does not mean that persons with the same basic qualification are getting un-equal payments because while advertising for the post of the Secretary, the minimum qualification laid down would be a graduate plus a certain number of years of experience. For the Head of the Department it may be a lesser number of years of experience and for this reason a graduate appointed as a fresh clerk, who has no experience, has no "position pay".

8.10. The work of every public servant is judged in what appeared to us to be a manner less subjective than obtaining in India. According to the nature of work of a servant, he is given marks for his proficiency in different aspects of his work. It is the total of these marks which is considered when he next applies in response to an advertisement for a higher post. Thus, by basic qualification plus good work over a number of years alone, a man earns a rise. Another aspect which was pointed out to us during our visit to a school was that a teacher in an elementary school who earns consistently high percentage of marks continuously for over a number of years can get the "position pay" of a Professor even while continuing to serve as a teacher in the elementary school.

Non-career appointments.

8.11. As stated earlier, all appointments are through public advertisements. However, there are some, known as "non-career appointments" which are in the nature of political appointments and which are not made through advertisements. Only the Federal and republican level can make such appointments and not the Local Government i.e. the District and the Commune. Such appointments are not protected by the Law of Public Servants. They can be terminated any time.

Service Commissions.

8.12. At each of the four levels, there are recruiting bodies which are known as Commissions—something like our Public Service Commissions. Each Commission recruits employees for that particular level.

8.13. There is also inter level mobility i.e. an employee of a commune, if selected in response to a federal advertisement, can become an employee at the federal level and *vice versa*.

* "Dinar" is the currency in Yugoslavia

CHAPTER IX

Local Government—Relationship and control.

The Yugoslav system claims that the various Territorial State Organs, within the sphere of their competencies, are independent and the higher State Organs do not have any hierarchical supremacy over the lower ones. It further claims that a higher body cannot issue instructions or directives. The right of supervision or control narrows down to what is termed as supervision of the legality of the acts of the lower body. If a higher body does not object to the legality of any decision of the lower body within a prescribed time, it becomes final and cannot subsequently be annulled or abolished except under very special circumstances which are specified by law. The higher body has to be alert to see that no illegality is committed. No proposals are sent for sanction by the lower body to the higher one.

9.2. It is pertinent to note that every organ supervises the legality of its next organ only. Thus a Republic supervises the acts of a District and not of the Commune. It can do so only through the district.

9.3. Another important principle invariably observed is that the representative body can annul or abolish the unlawful acts of the representative body at the lower level, while the right of supervision of executive and administrative organ of a higher body is limited to supervision over the executive and administrative organ of the lower body; it does not extend to the acts or decisions of the representative body at the lower level. Further, an unlawful act of a local council or administrative organ can be abolished or annulled by its own People's Committee, where enforcement of local legal prescription is involved. The lower representative body and or its executive and administrative organ whose act has been annulled or abolished, has the right to appeal.

9.4. Further, neither the Republican Assembly nor its executive and administrative organs nor the District People's Committee has any right to influence the composition of the lower body or policies of a Commune.

9.5. Any regulation or other decision enacted by a higher State authority which infringes a legally determined right of the Commune can be appealed against by the commune, for protection of such right. It would thus be observed that the Commune enjoys complete independence in its work and, therefore, the President or any other administrative or executive organ of the higher body will never think of 'inspecting' or interfering in it's affairs.

9.6. Such wide powers as are enjoyed by the Commune, however, do not detract from the unity of the system or from the common orientation of their work at all levels. This is secured by uniform legislation, control

of legality of decisions, unified judicature and public prosecutor's office. In the economic sphere, unity is ensured by the Federal Economic Plan which determines the trend of the country's economic development.

9.7. The higher body places its wider experience and better know-how at the disposal of the lower body through a process of frequent discussions with it. The representatives of the People's Committee at the Commune level discuss their problems with the representatives of the People's Committee at the district level, who in their turn discuss their problems with the representatives of the Republican Assembly.

9.8. Similarly, administrative organs discuss their problems with their counter-parts at each successive higher level. Conferences, Seminars and similar other media of mutual collaboration provide sufficient opportunity for exchange of views on problems of common concern. Guidance, which is an important aspect of supervision, is provided by constituting semi-autonomous institutions which study various problems that are encountered at various levels. These institutions try to find solutions of such problems for use of the bodies at the lower levels.

9.9. A District People's Committee does not share authority with the Communal or Republican Organs. Every unit (Commune, District and Republic) has its own jurisdiction and the right to take independent decision. Accordingly, Commune has jurisdiction to perform all tasks affecting not only the economic, social and cultural life and development of the citizens in its territory but all such tasks which by law have not been assigned to the jurisdiction of either the District People's Committee and/or other higher organs of State Authority. Consequently, the District People's Committee has jurisdiction only in respect of those functions which have expressly been assigned to it by law or other prescriptions. However, the District People's Committee has a certain margin of authority in individual tasks which have broadly been placed in the sphere of a commune. These consist of various forms of approval that are necessary for enacting major Acts or for appointments and/or dismissal of certain categories of officers in the Commune. Even for this, there is no general right of interference but an express provision is sometimes made as the efficient performance of such tasks affects the sphere of activity of the District as a whole.

9.10. Similarly, a District People's Committee is authorised to perform a task which falls within the jurisdiction of a Commune if it fails to do so in time or does not perform it at all. This right proceeds from the concept that a Commune is required to implement laws and prescriptions both of the higher Organs as well as of the District People's Committee. This, therefore, forms both a right and a duty for the Commune. This provision is, however, very rarely enforced.

Citizens' Control.

9.11. Most effective supervision is perhaps exercised by the citizens over the work of their representatives and through them over the work of the People's Committee. People's Committee members are responsible for their work directly to the voters. The voters keep an eye

on the work and integrity of their representatives and they have the right to recall their representative if he forfeits their confidence. In exercising this supervision the institution of the voters' meeting is perhaps the most important.

Voters' meeting.

9.12. The meeting of voters is a meeting of all the adults of an electoral unit. It has an important hand in formulation of policies, social plans and allotment of funds for various activities of local concern. The members of the People's Committee have to submit periodical reports to the meeting of voters regarding the work of the Commune and their own. These reports are discussed in the voters' meeting and the voters make their observations and comments thereon. They also make their own proposals. The People's Committee can refer matters for views by the voters' meeting and in the following cases it is under an obligation before deciding, to invite opinion of the meeting of voters:—

- (1) Social plan and budget of the commune,
- (2) Regulation of plan, and
- (3) Introduction of communal taxes and contributions.

The voters' meeting may also request the People's Committee to initiate examination of a particular matter or it may propose a concrete solution. Such proposals, of course, pertain to a solution of problems of local importance, but sometimes also to questions of larger importance.

9.13. The meeting of voters though has no functions of Government, yet as a democratic institution, it enjoys certain powers. The People's Committee is not under an obligation to accept the proposals or views of the meetings of voters but it is under an obligation to consider them and inform the meetings of voters of its decision on such proposals. People's Committee can ill-afford to ignore its opinions. The People's Committee as a rule always consults the meetings of voters in regard to important matters which it may intend to take up. The members of the People's Committee explain the reasons or motives which impelled the People's Committee to take a particular decision and to acquaint them with necessary facts and invite their opinion. For example, for question of raising transport fares or water rates or house rents, the voters' meeting must be consulted.

9.14. The individual citizen also has a right to represent against the decision of an administrative or executive organ of a Commune by which he feels aggrieved. In case, he fails to get redress from that organ he can go in appeal to the higher authority provided the matter involves a question of legality.

Referendum.

9.15. Another important institution of direct democracy is the institution of Referendum. The People's Committee may hold a referendum to obtain sanction for certain decisions on measures of major importance to the life and development of the community. The law does not specify

cases in which referendum must be held. A referendum can be held on the initiative of the People's Committee or on a proposal of the meeting of voters or at the request of one-fifth of voters in a commune.

9.16. Referendum can, however, be held only with previous approval of Republican Assembly. Referendum at the request of voters must be held within ten days of the receipt of approval of the President of the Republican Assembly.

9.17. The voters give their opinion on the question referred, by direct and secret voting. Voting is done by distributing voting list which contains the question. The question to be referred is formulated in such a way that the voters can give their answer in Yes or No. The question to be decided at the Referendum is formulated by—

(1) People's Committee or

(2) Proposers of Referendum.

The question is either to be accepted in full or rejected in full. The date of the referendum is decided after obtaining approval of the President of the People's Republic. The question is deemed to be accepted if more than half of the votes cast are for the acceptance of the proposal. The decision taken at a referendum is obligatory for the People's Committee and at its next meeting the People's Committee must take necessary decision for carrying out the wishes of the voters.

9.18. For conducting a referendum, a Commission of three members is appointed by the People's Committee.

Recall.

9.19. Another important institution of control is the system of Recall. The basic principle is that electors have an inherent right to recall their representative who may forfeit their confidence.

The action of recall of a member can be initiated on the proposal of the meetings of voters of the electoral unit in which he is elected or on the proposal of one-third of the electorate of that electoral unit.

Action for recall of a member of the Council of Producers can be started on the proposal of the Meetings of Voters in the economic organisation of the respective producer group in the electoral unit in which he is elected or on the proposal of atleast one-third of the electorate of that electoral unit.

Action for recall is obligatory on a proposal of the Meeting of Voters if such meeting is attended by atleast one-third of all the voters in that electoral unit.

Role of Political party.

9.20. Political party plays quite an important role in shaping the policies of local bodies in all democratic countries. In Yugoslavia though elections cannot be contested on party lines, yet the political

party exercises considerable influence over the activities of the local bodies. Such influence is exercised by organising training programmes, by issuing party directives to the representatives in the local bodies and by quite frequent party meetings. It would be of interest to note that most of the changes proposed in the relationship or in the working of these bodies are first discussed in the party meetings. But what is still more important is that special attention is paid by the party to ensure honesty and integrity of its members in these bodies. There is a close liaison between the local representatives of the people in these bodies and the local representatives of the party at each level. Committees of the Communist Party work almost in every factory.

Trade Unions.

9.21. The trade unions also play an active role through their members—the workers who are members of the House of Producers at all the four levels of Government viz., Commune, District, Republic and Federal.



CHAPTER X

Local Government and Planning.

The process of planned development of the country started with the first five year plan that was drawn up in 1947. At that time, the entire economy was centralised and managed by the administrative apparatus of the State. This was after the pattern followed in Soviet Russia. However, with the strengthening of local government units at different levels, decentralisation in planning also became inevitable. The decision to hand over the management of economic enterprises to workers themselves—the system of self-management introduced in 1950, accelerated this process and the different territorial state organs and the self-managed economic enterprises thereby secured much greater independence to take final decisions in drawing up and implementing their own plans. The second five year plan was drawn up in 1953 and the third in 1958. The procedure for drawing up of the five year plans is similar to that for drawing up of the annual plans.

Federal Planning Board.

10.2. For drawing up the Federal Plan there is a Federal Planning Board. It has eight members and is appointed by the Federal Executive Council. This Board is the highest body for planning. It submits its proposals to the Federal Executive Council, which in its turn submits them to the Federal People's Assembly for approval. The Federal Planning Board is assisted in drawing up the plan, by

- (i) Federal Institute of Statistics,
- (ii) Federal Institute of Public Administration, and
- (iii) Experts in the Federal Secretariat as well as other institutions and organisations.

10.3. At the republican level also, there is a similar organisation which also has its own advisory organisations and institutions. Both at the district and commune level there are administrative organs and special councils respectively for planning. At the district level there is a Statistical Organisation connected through the republican level with the Federal Institute of Statistics. This organisation helps in drawing up the plan of the district.

10.4. The Federal Planning Board first draws up a tentative social plan for the whole country. The Board for this purpose keeps itself in constant touch with the different organs of the Republics, local bodies, economic enterprises, trade unions, chambers etc. It is pertinent to note that in Yugoslavia unlike Russia, the State has not replaced the capitalist

but it is the organisation of producers which has replaced the capitalist. This is important as in all spheres of activity the producers or the employees have a voice. The Federal organ can only suggest a broad outline of plan for five years as well as for annual plans. This broad outline may lay down targets of—

(i) increase in the total national income or increase of percentage over the last year,

(ii) targets for production and programme for each sector of economy as well as for—

- (a) salaries,
- (b) investments,
- (c) advances,
- (d) social services, and
- (e) public security.

The plan may also determine the return for each sector as well as a blue print for export and import. The mechanism of drawing up the tentative plan is as follows:—

10.5. The Federal Planning Board having finalised the broad outline of the plan with the approval of the Federal Parliament, the People's Republics draw up their plan within the broad frame work and for this purpose consult the districts and communes in meetings convened at district headquarters. They also make a spot study of some communes. On the basis of material supplied by the Republics, the representatives of the district and the commune consult the self managed enterprises and socially managed institutions for ascertaining their requirements and their targets, and arrive at some tentative figures of the social plan. Such targets are not pre-determined by higher bodies. After such discussions the plan for the Republic is drawn up, and circulated to the different territorial state organs. This draft tentative plan is again discussed at each level with the representatives of respective sectors of economic and social service organisations and on the basis of such discussions, a social plan for the commune, district and for the republic is finally evolved. The Federal Planning Board consolidates all such plans which form the plan for the country and puts it up to the Federal Executive Council which in its turn submits the same to the Federal People's Assembly.

Machinery for planning at the district and the commune level.

10.6. At the commune level, it is for the planning department to collect necessary data to enable it to place the necessary facts for consideration of the different organisations as well as for the council for planning. In this work the planning department is assisted by experts from organisations at district or the commune level. These organisations and the Planning Council are expected, during the plan year, to continuously review the progress in each sector. As a result of this process, we, during our visit, noticed that many communes were able to exceed their targets before time and they were busy in revising them upwards.

10.7. For purposes of preparation of the plan as also for reviewing the progress, the economic enterprises have to send their progress report

four times every year, while the educational institutions have to do it twice a year. Hospitals and allied institutions send their report three times in a year. In addition there is a continuous flow of information between the different organisations of a district and a commune. Frequent discussions between them facilitate the drawing up of the plan for the next year.

10.8. The Federal People's Republic and other higher organisations at the republican level exercise their control over the social plan by making available:—

(i) special grants for items of high priority or for development of under-developed areas,

(ii) special assistance in the form of loans for special production programmes—the procedure being that the bank advertises the availability of such assistance and considers all applications of the different enterprises, on merits. Preference is given to enterprises which are able to invest from their own resources also. The commune or the district exercise control over these enterprises as the application for loans has to be forwarded through it, and

(iii) the political party plays an important role in helping to achieve national targets by continuous propaganda and organising training programmes.

10.9. Production programmes are stepped up by indirect economic incentives e.g. longer term of repayment of loans, or lower rates of interest for those sectors which are to be encouraged.

10.10. Till the time we were in Yugoslavia, the local bodies experienced great difficulty as their share in the federal resources was not indicated in time. To resolve this difficulty it has now been decided that—

(i) the People's Committee will have a guaranteed income of atleast 29% of the common revenues collected from taxes such as tax on income, land tax etc., from its jurisdiction;

(ii) grant in the form of increased share in the common revenues which may be up to a maximum of 100%;

(iii) where the resources of the communes are inadequate special grants will be given.

It will be of interest to note that even before this change was introduced, one-third of the national income was being shared by the local government bodies—communes and the districts (both from the budgets and funds).

10.11. This will enable the People's Committee of the commune to draw up its plan in a realistic manner and takes up its implementation well in time—the minimum being guaranteed for a period of years. It is likely that local bodies will get much higher percentage of the common revenues collected from their jurisdiction in future.

10.12. After a study of the mechanism of planning as operating in practice, we felt that though it is, in theory decentralized, in practice it is fairly centralized. The discussions at various levels and through the party-line no doubt help the educative process; and so people become well-informed participants in execution of the over-all plan fixed for the country.

We may now briefly describe the Statistical Organisation which is an important help-mate of Planning Board.

Federal Institute of Statistics.

10.13. The Federal Institute of Statistics is one of the chief organs of the Federal Government which is independent of the Secretariat. It deals with the Federal Executive Council. It is financed from the federal budget. At the Republican level also, there is separate organisation. At the district level, the People's Committee has an organisation which consists of 7 to 20 employees according to the need of each district. In some of the bigger communes, there is a small staff of 3 to 4 employees for this purpose.

10.14. Statistical work is centralized. All statistics which are not required by the organizations for their use or which are not of technical nature are compiled and processed by this special agency. For instance, statistics regarding production, population, education, nature of crime and such others are collected by this special agency, but statistics regarding Public Health being of technical nature etc. are collected by the concerned organizations. This is only a broad division. Census work is a part of its work.

10.15. The Federal Institute under the direction of the Federal Council draws up its annual programme. It is then discussed with the Republican Directors of Statistics and the officers of the districts. The programme is thus finalized every year. It is the methodology which is its main responsibility. It co-ordinates and tries to avoid over-lapping of activities. The Directors meet for this purpose atleast six times in a year.

10.16. There being acute shortage of trained and qualified personnel communes have not yet been brought in the picture. Statistics are available for districts. Arrangements have been made for training and a Diploma Course of two years has been started by the Institute. A candidate who has been 12 years in the school or who has worked for a fixed period in the Statistical work can get admission.

10.17. There are 68,000 geographical settlements in the country. Every separate unit of one house has been included. As against this, there are 28,000 Socio-economic Settlements, like our revenue village. The former include hamlets. In order to avoid future dislocation of statistical figures and also to have comparable unit for the collection of data the country is now being divided into 60,000 statistical units. In drawing up or carving out these units the boundaries of the cadastral unit or settlement are not to be broken, though they may have in them two or more such units. Area, population and terrain and economic factors are taken into consideration. This will avoid all difficulties of comparability of Statistics, even if the areas of local bodies change.

10.18. On the whole, Industrial Statistics get collected in time. There are about 40,000 units which supply this information at present. Individual statistics regarding population and agriculture are delayed. Agriculture statistics are collected from Social farms, Co-operatives and individuals. There is a small committee at the Commune level. There are about 500 to 600 agronomists who report crop conditions to the

Republic. There are regular and continuous sample surveys, for instance, survey of (1) Production, (2) Consumption, (3) Surplus of agricultural production.



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CHAPTER XI

Local Government and social-management.

Social management forms one of the important planks of the local self-government system in Yugoslavia. The Yugoslavian authorities consider it necessary to recognize the right of the members of the community to manage their own enterprises, institutions, organisations and services. Only then, according to them, communal organs can function properly and effectively. Social management comprises of:—

(i) Self-management i.e. management of economic enterprises by workers' collectives; and

(ii) Social-management (or public management) i.e. management of institutions and services like education, public-health, social welfare, etc. by persons and associations interested in them.

Self-management.

11.2. The principal of self-management i.e. autonomous social management of economic enterprises was first introduced in 1950. These enterprises thus got transferred from 'state ownership' to 'social ownership'. Economic enterprises are all self-managed. Thus, factories, construction-societies, transport services, import-export organisations, catering and shopping establishments, all work on this basis. The principle is also being applied to agriculture and in the fields of arts and crafts.

11.3. Economic enterprises can be set up, in principle, by anybody—the basic understanding being that ownership will be social and management will be by the workers' collectives. A group of people in an area may come forward with a proposal to set up an enterprise. If their scheme is sound, the commune may support it for obtaining the necessary finances from the industrial investment fund of the nation, which is managed by the National Bank. Alternatively, the commune or the district people's committee itself may take a decision to set up a particular type of enterprise in its area. It may provide finance for the same from its own resources or may try to obtain a loan from the National Bank. Big enterprises and key industries of national importance may be set up likewise by the federal government. Republican government may also set up industries considered important by it and which are beyond the capacity of a commune or a district. Thus each of the four levels of government is, in principle, competent to set up economic enterprises.

11.4. A broad uniformity in the self-managed enterprises is secured by laws, usually Federal. Thus, no enterprise can operate if not specially licensed to do so. Every enterprise must be established under a special act stating the name of the firm, the object, the place of business, its capital and working funds. The founder in most cases is a state

organ, such as a commune or a district People's Committee. Every enterprise may frame regulations for its organs but they must be approved by the appropriate state organ to ensure that they are in conformity with the laws. State organs have to supervise the legality of actions of enterprises only through a procedure prescribed by law. All enterprises have also to fulfil the prescribed social duties. Each enterprise is bound to furnish to the state organ all the necessary information in connection with its working. It has also to furnish to the appropriate state organ at the beginning of each year an economic plan for the year indicating the working programme, the financial requirements, the output planned and the labour to be employed.

11.5. The mechanism of self-management is that all workers and office employees of an enterprise form the workers collective—the electorate of that organisation. Every year they elect from amongst themselves a “workers council”—the size of the council depending on the total number of persons working in the concerned unit. The president of the workers council is elected by the council from amongst itself. He may not necessarily be the director of the factory or the establishment. In larger establishments where the workers council itself becomes a large-sized body, a smaller body is elected by the workers council from amongst itself and is known as the ‘board of management’. The President of the board of management is likewise elected by it.

11.6. The ‘workers council’ is the general policy-making body. It decides what to produce, how much to produce, by what method to produce; and how to market, where to market and at what rates to market the products.

11.7. The board of management has a greater executive role which, in smaller establishments is played by the workers council itself. This board looks to the internal management of the factory, its various departments, its productivity aspect, its personnel management, etc. It has also power to take decisions regarding disposal of funds of the enterprise so as to fulfil the social plans. The general manager, who usually is known as the director, is responsible for day-to-day management and production. He represents the enterprise before the government and is responsible to see that the decisions of the board of management or the workers council are legal and he has even the power to withhold its implementation till the question of legality is decided by the People's Committee.

11.8. These enterprises are ‘managed’ by workers but are not ‘owned’ by them. The ownership vests in the society. Thus, they being social property, society has also a stake in them. The representative bodies of people at each of the four levels are vitally interested in the successful working of the economic enterprises. There has, therefore, to be a close relationship between the enterprise and the local authority such as the commune or the district. This relationship is built up in more ways than one.

11.9. The producers council of the People's Committee of the commune has representatives deputed by a given category of enterprises. The interests of that particular industry are looked after by such

representatives in the producers council; and through it, by the People's Committee. The workers council in the enterprise elects the person to be deputed to the producers council.

11.10. For recruitment of personnel, particularly the Director of an economic enterprise, the appropriate People's Committee has a commission consisting of representatives of the "workers council" of the concerned enterprise and of the People's Committee. The People's Committee appoints the director on the recommendations of the commission. The People's Committee has also the power to remove the director under certain conditions specified by law.

11.11. Economic enterprises being under social ownership, their income is social income. The net profits of an enterprise, after providing for taxes, depreciation funds, amortization funds, etc. are therefore distributed according to the social directive as reflected in a federal law passed every year. They have to set aside a fixed percentage of their income for general social purposes. It lays down the percentage of such profits which shall go to society as the share of the federal government, the republican government, the district People's Committee and the commune People's Committee. The balance is at the disposal of the workers council of the concerned enterprise and that council has to decide what part of the same should be taken to reserves for meeting any future losses or for providing for expansion, and what portion may be distributed as bonus to all the members of the workers collective. The incentive to the workers to better production is in the fact that the greater the amount of the final distributable surplus, after meeting the above charges, the greater are the chances of their individual benefit. There is a close relationship between the self-managed institutions and socially managed institutions, as the latter get 5% from the profits of such self-managed economic enterprises.

11.12. The workers management of the economic enterprises has to some extent enthused them. But the real incentive seems to be the ultimate additional income that an individual worker hopes to earn. This conclusion of ours was substantiated by the replies we invariably got from workers to our query: "which of the alternatives would you prefer?— (1) guaranteed higher wages without the right of self-management; or (2) right of self-management without any such guarantee"?

11.13. Every economic enterprise with adequate financial resources is expected to have a cell to continuously study the production methods and to find and suggest the adoption of better methods of production, better methods of organisation and replacement of old instruments and economy in the working. These cells get their guidance from the Central Institute of Productivity which is a specialised institution for this purpose. This institution makes special study about efficiency and other allied problems.

11.14. Minimum wages in different sectors of industries are laid down by law. Excesses over such minimum wages are related to the productivity of individual worker as judged by norms of output fixed for different processes. If for any reason an enterprise has to incur losses as a result of meeting the minimum wages so fixed, it is the society that has to make it up. It is thus that the People's Committee of the commune or

the district again comes into picture while making up such losses from its own budgetary provision.

11.15. Likewise, for any scheme of expansion or modernisation of old factories, if the reserves of the concern are not adequate, the people's committee again usually stands a guarantee for a loan to be raised from the bank. A commission at the rate of 5% is charged from the economic enterprises for standing this guarantee. Increase in the profits as a result of expansion or modernisation and consequent increase in the income of the commune is another consideration for its standing as guarantor for such loans. If any enterprise does not do well and the People's Committee is convinced that it is due to the wrong type of director or other personnel, it changes such personnel. If in spite of efforts a concern continues to incur losses, the People's Committee on the recommendation of the producers council may take a decision to close down and dispose of such a concern. The People's Committee has also the right to dismiss the workers council and/or the board of management of an enterprise on grounds of violation of law. It may in such cases order new elections.

11.16. In order to safeguard the interests of individual workers vis-a-vis the different administrative organs of the enterprise, a disciplinary court is constituted by the board of management in such organisation. It is the director who puts up the case against any worker before this court. Both the parties have right to get legal assistance. Against the decision of this court, an appeal lies to the board of management. The punishment ranges from warning to dismissal. In case the defaulter is a member of the board of management or of the workers council, a special court is constituted by the commune and the appeal against the decision lies to the district body. In the case of the director, it is the commission of the People's Committee that will take cognizance of the case. Disputes between different economic enterprises are dealt with by special economic courts.

11.17. These are some of the different facets of the relationship which would indicate how the working of economic enterprises and local government institutions has been integrated.

11.18. In fact, one of the major items of the resources of the local institutions is share of the profits earned by the successful working of enterprises. Besides the share in the profits as indicated above, the different levels get shares in taxes which the economic enterprises have to pay e.g. income-tax, turnover-tax (sales-tax), etc.

Trade Unions.

11.19. The trade unions play a very important part in training the workers for shouldering responsibility for managing the economic enterprises and for increasing their personal efficiency. For this purpose, the trade unions have worker's universities. These institutions are financed by the economic enterprises, trade unions and the local bodies. The training programme consists of training in ideology i.e. (i) theory and practice of socialism, (ii) basic principles of economic enterprise, and (iii) methods of work of administrative organs in an enterprise. For those workers who have no elementary education, preparatory schools have been organised and for those who have had elementary education, diploma courses are organised by these institutions.

11.20. Self-managed commercial enterprises form their professional chambers at the republican level. Specialised chambers such as the industrial and foreign-trade chambers are, however, organised at the federal level. For handicrafts, catering houses and shopping establishments, such chambers exist at the district level. Such chambers on the one hand keep their membership informed about the latest regulations and instructions of government and on the other, convey to the government suggestions and proposals for development of the activities of their constituent members. They also train personnel in the different economic fields; and representatives of member enterprises having the legal knowledge, form within the chamber special law courts, which decide if any member enterprise has violated any of the laws or commercial practice. They pass suitable penalties wherever called for.

On the whole it may be said that this system of self-management helps in building up the future cadre of workers for commune and district.

We may now turn to the other important sector of economy viz., Agriculture and Co-operatives.

Agriculture and Co-operatives.

11.21. Agriculture holds an important place in Yugoslavia's economy. Still, the principal occupation of about 52% of its population is Agriculture and it contributes about 30% to the national income. After the war the increase in agricultural production could not keep pace with the increase in consumption with the result that imports had to be made from other countries. This highlights the importance of taking up agricultural development programme. The country has planned to increase its production by 35% as compared to immediate post-war period.

11.22. The price policy pursued before the war coupled with small holdings did not induce the farmers to purchase and use modern agricultural machinery and tools. The co-operative movement was not sufficiently developed nor specially assisted by the State Government to render any substantial service to the farmers. A large number of farmers did not have agricultural iron ploughs and even the draft cattle. During the war these limited resources were further weakened and it took quite some time to make up this deficiency and to replace the worn out equipment. All this resulted in a fall in standards of cultivation. Lack of capital in the post war period did not encourage use of agricultural machinery to any appreciable extent. The holdings are small—about 90% of the available land is held in holdings of less than 10 hectares. A deliberate and positive policy is, therefore, being pursued to reduce the number of people dependent on agriculture, to 25% in next 20 years. This number has already been reduced after the war from 75% to 52%. The Government policy is to turn private owners into workers on land. Every effort is made to achieve this objective. Sale of land is promoted so as to allow small holders to become workers in the economic enterprises after disposing of their land. Co-operatives and social farms are ever ready to buy such land.

11.23. The co-operative organisation has developed in two important directions. The co-operative organisation started as collectives. Since 1952 these have been replaced by societies in which the individual

farmers (members of these co-operatives) are provided on payment use of agricultural machinery, trained personnel and other services. They also purchase and market produce of its members, make purchases for all their requirements and organise the processing of agricultural produce. They also provide credit and workshop facilities. It is claimed that about 80% of the agriculturists are members of these societies. The pattern of organisation of these societies is different from our pattern. The members pay only one-tenth of the share capital though the balance can be 'called' at any time. There is no maximum credit limit. The purpose for which loan is asked is examined and if the experts at the district level approve of the scheme, loan is advanced by the Bank. The loan is guaranteed by the commune and this brings in its control. The Director in the Co-operative Society is appointed with the approval of the commune and if the society does not work satisfactorily, the People's Committee can appoint an Administrator and can in extreme cases suggest liquidation. The annual report and balance sheet of the society has to be sent to the commune and the Bank. Till now even the accounts were audited by the Inspectors of the commune but the Inspectors are now proposed to be attached with the Banks. Their reports, however, will be sent to the commune for examination by its concerned department and will be considered by the People's Committee.

11.24. Co-operatives have a council elected by the members and a managing board. The Director is the ex-officio member. The People's Committee is also represented on the Board.

11.25. The main function of the Co-operatives is to increase production which benefits the owner of the land, the co-operative and the country. So, without uprooting the owner, it enters into an agreement with him to cultivate his land. The profits are shared in proportion of the cost borne by each party. In two of the societies we visited we found the share of the cost was in the ratio of 52% to 48%. This may, however, vary in the co-operative itself and from co-operative to co-operative. Co-operative items include—(1) ploughing seed and fertilizer, insurance etc. All crops are insured. If a non-member wants any such assistance 7% over the cost is charged.

11.26. These agricultural co-operative societies now form unions for the following purposes:—

- (1) To offer various services to the Co-operative Societies.
- (2) To process or finish agricultural produce.
- (3) To supply equipment.
- (4) To export agricultural and processed produce.

These unions may also enter into contracts for implementation of their economic tasks.

11.27. Both at the commune and District levels there are research and other institutions to advise the co-operatives in technical matters. Their advice is available on payment—usually 5% of increased production. These institutions are self-sufficient.

11.28. Commune does not employ technical hands except one or two. The commune has a Council of Agriculture which draws and co-ordinates agricultural plans. It has experts as its members. Soil conservation is given the top-most priority. Co-operatives have been able to increase production by about three times. The main emphasis is on scientific cultivation.

11.29. One important feature of agricultural co-operatives in Yugoslavia appears to be the extension of scientific and mechanised cultivation on the fields of individual cultivators without disturbing his right of ownership over land. The emphasis is not so much on credit facilities as on service by entering into an agreement with each member. This has been made possible by the fact that the experts in agriculture, animal husbandry and other allied subjects are employed by the co-operative organisations themselves and their services become available to the individual farmers. In short the extension work which today is being done in this country, by the Government agency is attended to by the co-operatives in Yugoslavia. These are assisted and advised by independent organisations of experts and the experts of the Territorial state organ at the commune or higher level. It is quite possible for the co-operatives in India to render service in the way enumerated above. We would further suggest that the consolidation programme should also be simultaneously taken up by the co-operatives.

Social Management.

11.30. For educational and scientific institutions, health, social welfare and social insurance programmes, apartment houses, etc., the management is in the hands of elected collective organs, whose members are elected by citizens interested as beneficiaries, representatives of interested associations and the staff employed in these organisations. It may be mentioned that the employees are considered public servants.

11.31. The composition and character of these management boards differ from the management boards of economic enterprises. The formation of such bodies is also more difficult because the work is more exacting and demands trained personnel.

11.32. The government, having transferred the management of self-governing institutions to the people, only exercises supervision over the legal side of their work and financial affairs. The state organs at different levels work as co-ordinators. Though there are some broad uniform rules, the requirements of each type of institution or organisation vary and hence there is no rigid pattern which could be uniformly employed.

11.33. A number of institutions like schools, hospitals etc. are financed either from the budget of the local government—district or commune—or from the republican or federal budgets, depending on the nature of the institution. The budget estimates of income and expenditure are sanctioned by the appropriate territorial authority and the details are given in its budget under appropriate head. The institutions are required to send their quarterly demands for sanction and submit monthly accounts. It is only after the approval of the territorial authority that funds are made available by the bank. This system of control over financial matters, according to the Yugoslavian authorities, hampers the development of the autonomy of the institutions under this category and there is now a move

to allow greater autonomy to the management-boards in financial matters. The idea is to make a lump sum provision, after ascertaining the requirements of the institution, in the budget and then allow it to draw up the details of the budget. This grant will be non-lapsable. The authority will, however, continue to be responsible for proper utilization of funds and proper maintenance of accounts. This check will be exercised through audit organisation. These autonomous institutions will have, however, to satisfy a basic minimum of efficiency and work within the framework of the accepted national policy.

11.34. Another group of socially-managed institutions is financed according to the system of what is called 'autonomous financing'. This system is applied to those institutions which are able to raise working expenses out of their own receipts. Their budget estimates, though approved by the appropriate territorial authority, do not form part of its budget. Only, the grants-in-aid, if any, which may be given to such institutions is shown in the budget. The territorial authority only exercises general control according to the prescribed powers under the law. The bank with which the institution has its account ensures that the expenditure is in accordance with the provision in the budget. Under this category come health and some scientific institutions, theatres, broadcasting and television stations. By the very nature of their activities, these institutions are not autonomous in determining the fees which they should charge. These are approved by the appropriate territorial authority. In view of the special nature of their activities and in view of the fact that the tariffs are fixed by the territorial authority, all losses are met by such authority, commune or district.

11.35. Under the third category comes the social insurance organization. The management-boards of these organisations are elected by the persons insured. The financial resources of the organizations are made up of the contributions made by economic enterprises, government organs and other institutions, for insurance of their employees. Under the law, certain percentage of its fund is appropriated for meeting expenditure on the management at federal, republican and district levels. Respective territorial authorities are responsible to see that funds are properly used and accounts are properly maintained. In addition to financial control they also have legal control, and the territorial authority sees that the activities conform to law.

11.36. To illustrate the working of an institution under this system, we would briefly relate the facts about one of the elementary (primary) schools we visited. In this school, the board consisted of 14 representatives, 8 of them being elected by the beneficiaries—voters council of the area served by the school, 2 by the teachers' council of the school and four representatives of the People's Committee of the commune. It may be observed here that representation of the People's Committee is not obligatory.

11.37. The board of management prepares budget estimates and obtains sanction of the People's Committee of the commune. It is responsible for the administration of the school and it is one of its main functions to maintain contacts with the parents. The board elects its own president, who is the chief executive of the board. He, however, is not expected to interfere in the internal day-to-day affairs of the school, which are under the charge of the head of the institution.

11.38. The recruitment of staff is made, on a requisition from the board, by a commission of the People's Committee. On the recommendation of the commission, it is the People's Committee who finally makes the appointments.

11.39. A large percentage of adult population is now sharing in the management of activities which directly concern and vitally affect their well-being. This provides a good training for more responsible duties. The following figures which relate to the participation of the people in the management of educational institutions in the people's republic of Macedonia will bear out the extent of people's participation in one single sector.

Nature of institution	Number of institutions	Number of members/ councillors
EDUCATION :		
(1) Council	1	18
(2) Different faculties	7	96
(3) High schools	2	23
(4) Elementary schools	1000	12000
(5) Secondary schools	14	184
(6) Special technical school	64	731
		13052

Thus in the Education sector 13,052 citizens participate in the management—almost 6% of the households are thus represented.

11.40. Socially managed institutions not only affect a large population, but deal with subjects which are of national importance. Therefore, the control of the territorial authority has to be more effective and varied than in case of economic enterprises—though such control is regulated by law.

11.41. From our visits to socially-managed institutions and our talks with a cross-section of the people connected therewith, it did appear that this system had enthused the people. The people responsible for the management of these institutions even told us that the working of the institutions had improved after the management was transferred to them. Though it was obviously difficult for us to assess the extent of such improvement, we feel that there is certainly a potentiality in this system. It could usefully be tried, with suitable modifications, in India. While introducing it, it should be clearly borne in mind that in Yugoslavia there is, in practice, only one highly centralized party as compared to multi-party system obtaining here. Perhaps it may prove more practical to introduce this system gradually and progressively, making a beginning in limited areas in selected spheres of public activities.

CHAPTER XII

Local Government and Social Welfare

As far as activities pertaining to social welfare are concerned, these may broadly be divided into two groups viz., (1) Social Security; and (2) Public or Social Services. The programme of social security is aimed at protecting the disabled citizens irrespective of sex, age and period of employment. Rights under it are enjoyed by—

- (1) Workers and other employees.
- (2) Members of representative bodies or government, who receive regular remuneration for their work.
- (3) Persons elected to permanent offices like factories, social organisations, specialised associations and chambers.
- (4) Military personnel; and
- (5) Artists and other cultural workers.

This scheme is now being extended to cover the agriculturists also.

12.2. Specific social insurance rights have also been granted to apprentices and pupils who are receiving training in industrial, mining and agricultural schools and such other institutions. By special orders, lawyers, railway porters and clergy-men of the individual religious denominations are also included in the list of those who are entitled to health insurance and pension and disablement benefit.

12.3. The scheme of social insurance confers the rights to (1) free health services; (2) compensation during temporary absence from work owing to illness, injury etc., (3) special leave during pregnancy and child-birth; (4) financial assistance in case of temporary un-employment, (5) children's allowance, (6) invalid pension, (7) old-age pension, (8) travel expenses when the claimant has to travel for medical treatment on the advice of the local medical expert, and (9) funeral expenses in special cases.

12.4. Even the citizens of Yugoslavia who work outside the country are eligible to these benefits according to the category to which they belong.

Organisation of Social Insurance.

12.5. Social insurance has been organised as a social service with its offices at the Federal, Republican and District headquarters. The organisation consists of socially-managed autonomous institutions, the insured people being the voters.

12.6. Application for benefit under this scheme is submitted to the Commune. On its verification and certificate, the District Institute of

Social Insurance would consider and admit a claim. Such admitted claims would be paid through the branches of the district social institutes usually located in the communes.

12.7. The supervision exercised by the higher over the lower body is more of a professional character. The higher body can only cancel or stay the orders of the lower body if the legality of the action is in question. The Chief Executive Officer at each level is the Director. The name of the Director is recommended by a Joint Committee consisting of representatives nominated by the executive committee (which is constituted by the Assembly of voters) and the representatives of the State Organ concerned. He is responsible to carry out the decisions of the executive committee and to ensure observance of legality. He is also directly in charge of the management of the institute. It is important to note here that every insured person has a right to go in appeal against the decisions of the insurance organisation.

12.8. The social insurance organisation gets its funds from the economic enterprises, government organisations and other socially-managed institutions. In Yugoslavia, the insured person does not pay anything towards insurance. It is the employer who pays the contribution for each employee, which is in addition to his salary. The contribution by the employer varies from republic to republic but it is generally anywhere between 35 to 45 per cent of the wage bill.

12.9. As a sample of social service organ contributing to social welfare we shall now deal with Health Services. (For organisational diagram see Appendix D).

Health Services—Organisation of.

12.10. The Federal Board of Social Welfare and Public Health deals with public health policy, the health conditions of the people and execution of public health programme. This body is also responsible for drafting laws. This is done in collaboration with experts. The Board is elected by the Federal People's Assembly.

12.11. The Federal Executive Council nominates members to the Boards, Committees and Commissions according to the nature of their problems and tasks. The Board of Social Welfare and Public Health is made up of 3 to 4 members of the Federal Executive Council and one member who is responsible for the subject from each executive council of the republics. The Federal Executive Council also nominates experts and members of Public Health Services. One of the members is appointed its President. The Board deals with individual problems of public health service and makes recommendations to improve the services and the standard of health of the citizens.

12.12. At the republican level, there is a Council of Public Health appointed by the Executive Council and a Board of Social Welfare and Public Health more or less on the lines of the Federal Board. The Council of Public Health is responsible for all matters connected with public health. The Board of Social Welfare and Public Health has almost the same functions within the republic as the Federal Board has at the Federal level.

12.13. At the district level the authority vests with the People's Committee. The People's Committee has a Council of Public Health. So is the case at the commune level. The President of the district and the commune is assisted by a Director, a technical expert. District and commune may also constitute special committees. The Federal and the Republican governments have their own Secretariat, to deal with health problems and to carry out the decisions of their Executive Councils.

12.14. Health Services are catered for by the respective health institutions. These institutions receive direction from administrative committees and directors. The committees consist of (1) representatives of either the Federal, the Republic, a district or a commune, (2) representatives of social organisations like Red Cross, Trade Unions, Social Insurance and others (3) representatives of the working people (employed in the institution) their number not exceeding one-third of the total. The Director is appointed by the commune or the district, the republic or the federation. He must be an expert in his branch. Every institute also has a body of experts of the area to advise on technical matters. The administrative committee is responsible for financial and administrative questions. The committee is also responsible for expansion of existing and opening of new departments. The Board is responsible for good management and efficient service. The membership varies between 7 to 15.

12.15. Institutes are divided into two categories (1) Central Health Institute, and (2) Health Institutes. The Federal Institute of Public Health has its connection with the Federal Secretariat and the Central Institute of Hygiene with republican Secretariat. Institute of Hygiene and the Health Station fall within the purview of the district and the commune respectively. The Secretariats at different levels work on the advice of and through the Central Health Institutes.

12.16. Health Institutions except the Institutes of Hygiene, dispensaries and institutions responsible for the health protection of school children are financed on self-financing principle. They make charges according to a fixed scale (based on the average running costs) for their work; and support themselves by this revenue. In short, for curative services payment has to be made and for preventive services funds are provided in the budgets of the district and the commune with the following exceptions:—

- (1) Acute infectious diseases,
- (2) T.B.,
- (3) Mental disease, cancer, congenital or acquired deformities which can be corrected,
- (4) Women in child-birth,
- (5) Infants,
- (6) Small and school children,
- (7) Scholarship-holders,
- (8) Invalids,
- (9) Holders of certain war decorations,
- (10) Persons who fall ill during voluntary work,

The cost of treatment for the above are paid by the district or the commune or higher bodies.

Resources.—

- (1) Payment by individuals not insured.
- (2) Payment from Social Insurance Fund.
- (3) Payment by the Special Boards of Soldiers.

Insurance of the workers is compulsory—45% of the population is insured. It is now proposed to make it compulsory for the agriculturists also. Federal law has been passed. Republics have now to pass their legislations. 3% of the income from Health Insurance is utilised for preventive measures.

12.17. Communes are responsible for vaccination and inoculation and control of infectious diseases and hygienic measures.



CHAPTER XIII

Local Government and other organizations

Having dealt so far with Local Government in its various aspects, we now propose to treat briefly some of the important institutions and organisations which have a bearing on the working of local government. In this chapter we shall, therefore, deal with,—

- (1) Standing Conference of Towns,
- (2) Institute of Public Administration, and
- (3) Youth Organisations.

Standing Conference of Towns.

13.2. The "Standing Conference of Towns" is a voluntary association formed in 1951 by the representatives of 21 towns. Though the word 'towns' continues, it is gradually developing into an organisation of the communes and the districts and now has 196 communes as its members. It was started (i) to study the administrative problems of the members (towns or communes) from economic and social stand-point and offer solutions for the use of the people, member-bodies and to refer specific problems for further study or research to the higher administrative organs, (ii) to act as store and clearing house of information for its member bodies, (iii) to exchange experiences of different organisations and institutions inside the country and bring them to the notice of other members, as also to study successful experiences of other countries.

13.3. It issues pamphlets and regular periodical publications. The expenditure of the institute is met out of the subscription paid by the members (member bodies) who pay .07% of their budgetary receipts as fees to this institute.

Organisation.

13.4. The representatives of the member bodies elect the general assembly which consists of 30 members. The general assembly elects a Presidium (Executive Committee) which consists of 15 members—one of them being the Secretary General of the Conference. He is a permanent servant and is appointed by the General Assembly. Six of the remaining 14 members are permanent members representing bigger towns. The other 8 are elected every year from amongst the other members. President of the conference is elected every year from the representatives of a new town by the assembly. The assembly holds its session every year in a different town. It appoints an Audit Board consisting of three members. It has 9 Standing Committees whose Chairmen are appointed by the assembly and other members by the Presidium, in consultation with the Chairman. The budget committee which consists of three members is appointed by the assembly.

13.5. The nine standing committees study specific problems assigned to them according to their specialised fields. They make recommendation for consideration of the Presidium of the assembly. These recommendations are again considered by the assembly and then alone the recommendations are circulated to the member bodies. One of these committees carries out a study of current and proposed legislations and offers suggestions. After the approval of the assembly such suggestions are forwarded to the federal government. The Secretariat of the conference consists of 32 employees out of which 14 are experts (economists and lawyers). They are assigned the study of social problems and for this purpose keep close contact with outside organizations.

13.6. One of the important contributions of this organisation has been high-lighting the need for reducing the staff in the administrative organs of the commune and the district. The proposals that were being examined at the time we were in the country were largely based on the study made by this organisation. Even the O&M organisation took up detailed examination of the staff-pattern in the different state territorial organs at the instance of this institution.

13.7. In short this institution is a golden link between local government on the one hand and the Federal and Republic Governments on the other. It explains laws and other regulations of higher bodies to the local governments and influences the legislation of higher bodies by bringing to their notice problems and difficulties of local governments.

In our country an organisation on similar lines might prove equally useful.

Institute of Public Administration.

13.8. This institute is established by the Federal Government. The functions of the institute are:—

(1) To organise scientific study and research in the field of social management and public administration.

(2) To assist state organs, institutions and other organisations in the advancement of public administration.

(3) To take steps to improve the quality of personnel by organising training programmes and assist in the work of administrative schools.

(4) To help state organs in formulating programmes for provisional examination of public servants.

(5) To study the specific tasks assigned to it by the federal executive council.

The institute keeps in close touch with the Organisation and Methods (O&M) in other countries and within the country itself. The result of such studies are passed on by means of seminars, consultations and discussions. The institute also organises study courses for advanced training of the higher personnel. It even organises correspondence courses.

13.9. Its budget forms part of the federal budget. It also gets some income from Scientific Research work.

Organisation.

Members of the institute elect a council and a director. Representatives of the federal executive council and one representative of each of the following institutes/organisations are also members of the Council:—

- (1) Federal State Secretariats for finance, legislation and organisation, education and culture, general administration.
- (2) The President of Standing Conference of Towns.
- (3) The association for Administrative Science.
- (4) Universities, and
- (5) Law Schools.

The Director of the Institute is appointed by the federal executive council and he is *ex-officio* member of the council. The Institute also employs technical staff.

13.10. The work of the institute is divided into four divisions:—

- (1) Public Administration.
- (2) Civil Service.
- (3) Organisations and Methods, and
- (4) Special Study Sections—It also has a section for publications and another for library and indexing.

13.11. There are eight administrative training schools and special schools for (1) Statistics, (2) Survey, (3) Special work, (4) Child Welfare and Orphanage and (5) Internal affairs (Police), (6) Hydro—and Metriological (7) Financial schools (tax and accounts service).

The eight training schools are meant for permanent employees and for others who want to join them. These are open to all organisations from the federal to the commune level and even to some of the economic enterprises. No fee is charged from the trainees. Only the institutes or organisations that sponsor the candidate, pay full salary for a period of two years. In the first year, Constitution, Law, Political and Economic background is taken up. In the second year training in specialised subjects is given. One of the subjects is organisation of the communes.

Evaluation of work in training institutes is done by the Secretariat for Legislation and General Administration. A few non-official institutes also carry out such evaluation.

Organisation and Methods.

13.12. This division is doing useful work by organizing seminars and on-the-spot studies. Seminars are conducted on the following:—

- (1) Organisation and Methods—objects and utility.
- (2) Methods of Administration.

(3) Study of procedure.

The O&M division has its units at the district level and the institute continuously advises these units about the improvements considered necessary. In the commune also there is one person for O&M.

Youth Organisations.

13.13. Youth Organisations play an important part in influencing programmes in the different territorial state organs. The youth of Yugoslavia played significant role in mobilising the people during the pre-liberation period and in fighting the invaders and the old social order during the liberation period. Its role, even to-day, is equally important, as it has its organisations right from the village to the federal level. Unlike, most of our voluntary organisations this organisation is built from the village upwards and therefore has its roots in the villages. Higher bodies are formed by indirect election from the lowest ones. Membership fee is charged at the village/commune level, and the lower institution (village or the commune) pays a fixed amount to the higher body for meeting its expenses.

13.14. To maintain constant touch amongst the members in different communes, seminars and conferences are organised at regular intervals at the district level. Representatives of the district meet at the republic level and similarly representatives of the republic meet at the federal level.

13.15. Youth organisation helps in the activities of the State organs both directly and indirectly. It directly participates in raising funds for meeting the local felt needs. It influences the local bodies through the voters assembly. Its members carry the message and programmes of the local territorial state organ to its remotest corner and enthuse the people and create understanding and tempo for further development.

13.16. The Youth Organisation has its branches not only in villages or towns but in almost all economic enterprises—industrial or agricultural. Its membership is open to both sexes of the age group 14 to 25. It will be of interest to note here that the youth organisations of the country have undertaken construction of large economic enterprises, roads and bridges in the last ten or twelve years. Physical labour by its members is one of its important programmes.

It is customary in this country to organise big camps of youth coming from all parts of the country for construction programmes. There have even been international gatherings where youths from other countries have participated. In some of these camps, Indian youth also participated.

13.17. The youth organisation carries on its activities outside the political party and has no direct representation in it.

13.18. Education of the people is arranged by organising conferences, camps, reading rooms, and libraries. The youth organisations also organise games, sports, excursions and camps and thereby create new life in the people.

"Pioneers".

13.19. Children below the age of 14 form their own organisation viz., the "Pioneers' organisations"; the main activity of this organisation is to

establish centres for indoor games and physical exercises, libraries and reading rooms where children from this age group get together during off hours almost every day. Handicrafts had also been introduced in some of these institutions. Children have to pay membership fees. Such institutions are encouraged by communes, and they give them grants-in-aid.



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CHAPTER XIV

Local Government in India.

14.1. Having discussed in detail the different aspects of local government in Yugoslavia, we now proceed to deal with some of the salient features of the village panchayats of ancient and medieval India, the development of local government during the British period and its development in the post-British period.

Pre-British period.

14.2. Government by the community of the area has been part of the national life of India from times immemorial. Various references with regard to the village institutions in Rigveda, Manusmriti, Mahabharat, Balmiki Ramayan and detailed description in Kautilya's "Arth-Shastra" support the claim that the village was the pivot of administration since the Vedic Age, if not earlier.

14.3. In almost all parts of India with minor variations each village had a 'Gram Sabha' (Voters Council); which dealt with the affairs of the village. A small committee of eldersmen (Panchayat) dealt with questions of administration. The village headman was the Chief executive of the village and was responsible for carrying out certain duties and for implementing the decisions of the Gram Sabha and of the village panchayat.

These village institutions continued to function without any basic changes even during the Muslim and the Maratha period. It was possible for them to survive the impact of foreign invasions and social and political changes.

14.4. The functions and powers of the village panchayats could broadly be enumerated as follows:—

- (1) Administration of justice;
- (2) Internal defence—village watchman was employed as one of the village servants;
- (3) Construction and maintenance of works of public utility like Dharamshalas, village temples, wells, tanks and roads by mobilising voluntary labour and otherwise;
- (4) Collection of taxes whether levied by the King or by the Panchayat. The King did not have any separate agency for collection of taxes in the territory of the local body. In some cases the King and the local body shared the income from taxes—the exact proportion varied from one period to another and from one part of the country to another;

(5) Education;

(6) Village sanitation and other social services.

In short the local body performed all the functions which touched the life of the village.

14.5. The main functions of the village official were:—

(1) to keep a record of land utilisation, mines and industries;

(2) to maintain population and cattle census;

(3) to maintain a record of taxes and voluntary gifts whether in the form of labour, cash or kind;

(4) to maintain a record of institutions and individuals who were given assistance by the King or the local body.

14.6. Land in the village belonged to the community. It was the panchayat of the village which used to allot the land to individuals and maintain their record through the village official. The Government of the day was entitled to only a fixed amount and the Government agency dealt only with the panchayat and not with the individual. Everyone in the village, therefore, looked to the village body for the redress of one's grievances.

14.7. In order to finance the activities entrusted to the local body taxes were levied. The most important source was land. There is also evidence to show that tax on raw materials like ghee, honey, vegetables and meat and on cattle and other articles was levied.

The relationship between the State and the village has been described by Dr. Radha Kumud Mookerji as:

"A rare and remarkable phenomenon of the State and society co-existing apart from, and in some degree of independence of each other, as distinct and separate units or entities, as independent centres of national, popular and collective life and activity. Both of them were independent organisations with distinct and well-defined structures and functions of their own and laws of growth and evaluation. The limits of State interference were accordingly so defined and fixed as not to encroach upon the sphere of the activities of the social organisation. A policy of non-interference was recognised as the ideal policy of the State, the functions of which were similarly restricted to the 'irreducible minimum' viz., the protection of life and property and realisation of the revenue for the proper exercise of duty. There was well-balanced delimitation of the respective boundaries of the political and social organisation, both of which were co-operating agencies for the promotion of the common weal".

British period.

14.8. The village institutions, or "little republics" as Sir Charles Matcalfe preferred to call them, continued to function well into the British period. The introduction of Zamindari and direct relationship of the State with the individual under the Royatwari system of land administration against the village tenure system gave a death blow to the community life

of the village and to the village institution. Some of the important functions of the local institutions were taken over by the Zamindar and the paid servant of the State. Their main concern was to raise maximum revenue—for his own benefit in the case of Zamindar and for the benefit of the master in the case of the paid servant. This was not all, on the introduction of highly centralised system of administration where all the activities were guided and controlled by the directions received from the district headquarters, the village panchayat which had no legal status ceased to function. In matters of judicial administration, regular courts replaced the local panchayat courts. Thus the British system of revenue and judicial administration not only destroyed village institutions but also destroyed the community life of the village.

14.9. It is true that with the spread of education, better means of communications and growth of industries, the old institutions should have modified their original form as had happened in other countries. But, before this process could set in, these institutions became extinct as a result of the reasons mentioned in the preceding paragraphs.

14.10. As a result of the demand from the educated section of the population, some of whom had seen conditions in England and other countries in Europe in the middle of 19th century, a serious effort was made to introduce local government both in rural and urban areas.

14.11. It did not, however, make much headway till early in the 20th century when the entire question of local government was considered by the Royal Commission on Decentralisation. The commission recognised that the village constituted the primary unit of Government organisation and that it possessed a large degree of autonomy which had gradually disappeared due to the establishment of judicial courts. The commission, therefore, recommended that the village should be the basic unit of local democracy with a local body for every village and should be entrusted with the following functions:—

- (1) management of village schools;
- (2) judicial powers;
- (3) sanitation;
- (4) management of cattle pounds and markets, and
- (5) management of small fuel and fodder reserves.

The commission also recommended that a share from land cess and special grants for specific purposes should be given to the panchayats to meet their financial liabilities.

14.12. The recommendations of the commission were examined by the Government of India and the resolution accepting the principle of creation of village panchayats and constituting them with majority of elected representatives was issued and implemented in varying degrees by the Provincial Governments. This resolution of 1915 was followed by Montague-Chelmsford report in 1919 which suggested that there should, as far as possible, complete popular control in local bodies and largest possible independence for them from outside control.

14.13. The institutions, whether urban or local were non-hierarchical in nature, the body at higher level having no control over the lower one. The distinction between the rural and the urban areas continued.

Post-British period.

14.14. Soon after independence in 1948 the Prime Minister made the following observations:—

“Local Self-Government is and must be, the basis of any true system of democracy. We have got rather into the habit of thinking of democracy at the top and not so much below. The democracy at the top will not be a success unless it is built on the foundations from below.”

Recognising the importance of Panchayats, the Constitution in Article 40 lays down the directive principle of the State policy regarding Panchayats.

14.15. The Community Development programme started in 1952. Its working for about five years brought into bold relief the urgent necessity of people taking over initiative and involving themselves in the task of rural reconstruction. This meant setting up their representative organisations from village upwards and forging an organic link between them. The three tier system of Panchayati Raj recommended by the Balwant Ray Mehta Study Team is now the generally accepted basis on which each State is trying to evolve its local government pattern. It was in this background that our Team was sent to Yugoslavia.



CHAPTER XV

General Observations and Recommendations.

In the preceding chapters we have tried to briefly describe the Yugoslavian system of Local Government, its relationship with the federal and republican governments, with other governmental and non-governmental organisations at different levels and its relationship with economic, social and voluntary organisations.

15.2. We now, propose to deal with some aspects of the system which, in our opinion, could, with advantage be either adopted in full or adopted in a modified form to suit our conditions and requirements. Before we embark on this task, it will be useful to understand the difference in the social, economic and political conditions obtaining in that country and ours.

Yugoslavia, for all practical purposes, has one party government though it does not have that centralised administrative system which is found in other totalitarian countries. Within the basic frame-work of their social and economic philosophy, they have given full freedom to their local authorities in drawing up their policies and plans and executing them. The political party exercises, from outside, considerable influence on the working of these institutions and it is through the party mechanism that the national policies percolate down the line.

15.3. The Yugoslavian system of Local Government and the control that higher bodies exercise over the lower bodies and the relationship between different social, economic and political organisations is highly complicated. The system has succeeded primarily because of a clear-cut ultimate objective and ideology, the alertness of the political party and the care that has been taken in educating every citizen in the accepted ideology. This may not be possible in a country which has different social, economic and political ideologies.

15.4. The main emphasis in Yugoslavian planning is on industrialisation and on diverting agricultural population to industries. They have already achieved considerable success in this direction, by reducing the pressure on land from 75% to 52%. In next twenty years, they want to reduce the dependence on land to about 25%.

As a result of almost complete control by the State over the entire economy, it has been able to raise, within the country itself, very large resources for financing its plans—mostly by taxing profits of socially owned and self-managed economic enterprises.

15.5. The agriculture extension organisation in the country has two components, viz. (1) the services provided by the administration and (2) those provided by non-official organizations, co-operatives etc. In both

respects a comparison between Yugoslavia and India would suggest that, at present, a more intensive and on the whole a more adequate service is available to the Yugoslavian farmer.

15.6. There is a large and fast expanding technical staff, working in Yugoslavia, for the development of agriculture, which is mostly in the employ of co-operatives and social farms.

15.7. In Yugoslavia, they have two tier scheme of local government as against the three tier scheme recommended by the Balwant Ray Mehta Study Team. This is partly due to the distorical background and their major emphasis on industrialisation of the country. The need for mobilising local population to meet the felt needs has been recognised by constituting non-statutory local committees, which get all encouragement and support from the communes. From the short experience of that country, we would suggest that the scheme recommended by the Balwant Ray Mehta Study Team should be our accepted national policy though it may become necessary to review, later on, the role of the Village Panchayat in view of the recommendation to have statutory body at the block level.

Planned development in the background of technological progress, is becoming more and more complex and implies a certain degree of centralisation and availability of technical know-how. This can only be available in an economically viable unit and not in a small unit like the Village Panchayat. While, therefore, recognising the need for having a statutory body at the village level to mobilise and enthuse the local population to meet local requirements, mainly through its own endeavour; as also to implement the plans and programmes of the Panchayat Samiti and thereby eliminate the need for large paid staff, it is necessary to retain this institution but with limited functions. It is in the light of these observations that the role of the Village Panchayats may have to be re-defined.

15.8. In our constitution, we should incorporate a pattern of local government. We fully appreciate that in a vast country like ours, the system of Local Government, while providing for basic uniformity of structure, will have to be left flexible. Like the district administration, which has certain elements of uniformity, the Local Government Institutions will also have to have some common pattern for the whole country. We, therefore, recommend that a broad common pattern, on the lines of recommendations made by the Balwant Ray Mehta Study Team and our recommendations be adopted for incorporation in our constitution. This will not only give a uniform pattern of local Government to the country, but also underline the importance and urgency for setting up institutions throughout the country, both for urban and rural areas.

15.9. The distinction between rural and urban areas is fast disappearing in Yugoslavia. The local government organisation there makes hardly any difference between the two. In our present conditions, we do not think, it possible to abolish this distinction completely; yet a move in this direction is urgently called for. The local body at the district level called 'Zila Parishad' by the Balwant Ray Mehta Study Team should be charged with the responsibility for co-ordination of the rural and urban programmes. For this purpose, all municipalities in its jurisdiction should be represented on it. It may be that, towns with a population of a lac and above may, for the time being, be kept out of the jurisdiction of Zila Parishad. (Para 4.4).

15.10. One important feature of Yugoslavian Local Government is the representation given to producers in proportion to the gross product in each sector. This question does not arise in this country, as in our rural areas the producer—the agriculturist—already gets adequate representation.

15.11. As already pointed out, the system of voters nominating candidates for election is not of any special advantage and we, therefore, do not recommend it.

Since we have village panchayats, at the base, elections to higher local bodies should, in our opinion, be indirect; the President of the Village Panchayat becoming a member of the local body at the block level, called 'Panchayat Samiti' by the Balwant Ray Mehta Study Team.

15.12. With this, however, we would suggest the need of a few independent representatives, who are not members of the village panchayats, being brought in these institutions. This is being suggested as we think that Presidents of Village Panchayats who are the chief executives at the village level, tend to become professional defenders. Introduction of independent element in the Panchayat Samiti will bring in fresh thinking and objective approach to the problems. This representation may be anywhere between 25% to 33% of the total strength of the Panchayat Samiti and may be achieved by an electoral college of panchayat members in a Panchayat Samiti area, acting as the electorate, the candidates being persons other than such members.

15.13. The evolution of the role of the President in the People's Committee is of great importance to us. The experience of a number of countries has been that concentration of powers in the hands of one or two elected representatives always results in inefficiency, indifference and lack of popular support. This has been the experience in Yugoslavia also, where in the initial stages, the President and the executive committee had powers of taking decisions on behalf of the elected body. A few years working of this system brought to the fore the undesirable tendency of the President and one or two of his colleagues becoming all powerful and ignoring other elected representatives. This, therefore, had to be replaced by a system of 'councils'; their number now varies between 10 to 15 in a commune or a district.

15.14. These Councils, within their delegated powers, work as executive and to some extent as administrative organs of local authority.

15.15. The council combines the element of state authority and social government, as it comprises both of members of the representative body and citizens nominated by the economic and social organisation. Our experience of the working of these councils has convinced us of their utility. We would, therefore, strongly recommend creation of such organs for discharging the functions and exercising powers as given in paras 5.3, 5.14 to 5.17, 5.20, 5.21 and 5.22.

15.16. In Yugoslavia, the President can appoint a person to conduct disciplinary proceedings against the Secretary. For other employees, it is the Secretary who does so. This system of debarring the President to punish the employees and make him to refer the matter to a special body

deserves adoption. We would for this purpose recommend a district level committee consisting of independent persons such as one member of the Local Government Service Commission President of Zila Parishad, and the Collector of the district. The decision of this committee should be appealable to the Commission (Local Government Service. (Para 5.7).

15.17. The administrative organs of the People's Committee function under the general direction and control of councils. This practice has much to commend itself for adoption (Para 5.23).

15.18. Though the permanent employees have been divested of almost all powers of taking decisions, they have been armed, with necessary powers to enable them to efficiently implement the decisions. The role of the Secretary in the administration of the local government is vital. He has even been given the powers of staying the decisions of the councils, if in his opinion, they are contrary to law. Even in discussion we were impressed with the position and prestige that the Secretary was given. The role of the Secretary is going to be much more important in our conditions. This should be fully recognised and embodied in our laws and rules. He should be considered as the Head of the paid administrative organisation in the local bodies and allowed full disciplinary control over these employees. (Paras 5.29 and 5.30).

15.19. As has been pointed out in Chapter VI in Yugoslavia the 'subjects' have not been distributed at different levels of governmental authorities. The lowest body—the commune, has all the residuary powers; the functions of other bodies having been specifically determined by laws and prescriptions. Even in respect of matters specifically included in the sphere of a higher body the lower body may have some duties to perform. We, at this stage, do not propose any additional functions being given to the local bodies than what have been recommended in the Balwant Ray Mehta Report (Chapter 2 Volume I). It will, however, be necessary to examine the functions of the local bodies in urban areas, which we feel must also have their own programmes of development viz., Urban Community Development.

15.20. With the acceptance, in principle, of the block as the unit of local government the possibility of making the Panchayat Samiti area as the basic administrative unit instead of Tehsil or Taluka, as at present, has got to be studied. This will not only be administratively sound but will also do away with the difference that exists between developmental and non-developmental activities, which in our opinion, is harmful to any programme of economic and social development. In our opinion, therefore, a high powered committee consisting of the representatives of a few States, Ministries concerned and the Planning Commission should be constituted to make a detailed study.

15.21. The question of reducing the multiplicity of agencies representing the Central Government, State Government and the Local Government in the territorial jurisdiction of each Local Body has also got to be seriously tackled. For instance, the Central Excise Department of the Government of India has its representatives in the Block areas. There is the revenue agency of the State Government. The need of co-ordinating and rationalizing is obvious and urgent.

15.22. There is not much that could be adopted by us from Chapter VII. The only thing which could be considered for adoption is the idea of creation of budget reserve fund (para 7.12).

15.23. We think that the best thing to assist the Local Governments would be to wholly transfer certain taxes to them, or a percentage of the income from some taxes. This will provide incentive to collect the taxes.

15.24. *Ad hoc* grants create a feeling of dependence, not very conducive to the healthy development of local bodies. In order, however, to ensure implementations of the national and state priorities in the Plan, grants for specific purposes may be necessary. The future resources of these bodies, therefore, may be, (i) taxes levied by them, (ii) share in the State taxes and (iii) grants for specific purposes. The ultimate aim should be to transfer the entire income from land revenue as well as its collection. This, however, need not eliminate the desirability of giving *ad hoc* grants to under-developed areas or areas which are not likely to get adequate resources as share of taxes or land revenue. The local body should be authorised to raise loans with the prior approval of the State Government. In this connection the possibility of utilising a certain percentage of the investment made by the people in small savings in their own area should be favourably considered.

15.25. With the growth of local governments both in rural and urban areas it will be in the interest of efficiency and well being of the incumbents to constitute a Local Government Service for each State. It may be that for certain categories of employees there will have to be a separate service for rural and urban areas. The recruitment to all categories of services of the Local Government should be made by specially constituted Local Government Service Commission.

15.26. Avenues of promotion within the service being limited, it may be necessary to make the incumbents eligible for promotion to the different State services, where their services in the Local Government should also be counted.

15.27. As pointed out elsewhere the Secretary of the People's Committee is a qualified person with high calibre and enjoys special status in the organisation. We would recommend this for consideration in this country and suggest that the Secretary (Block Development Officer) should, if possible, be appointed from the State Service. It is a member of the senior service who would inspire confidence among other regulatory functionaries and also among the elected representatives.

15.28. In Yugoslavia, the local bodies, within their competencies, are independent and the higher state organs do not have any hierarchical supremacy over them. It is only the legality of their actions that is supervised and even for this, papers are not sent for sanction. It is the duty of the higher body to keep alert and examine actions of the lower body to ascertain that they are not against the provisions of law. If, within the prescribed time, objection is not taken, the higher body would not be able to stop the implementation of the decision even though it may be illegal. All the orders and prescriptions of the local bodies are published in the local gazette and it is through this that the higher bodies come to know of the actions and decisions of these bodies.

15.29. In our conditions, it may be difficult to restrict the right of supervision to examination of legality of the actions, yet the idea of issuing instructions has to be replaced by the idea of advice and guidance. For some time to come, the State Government through its administrative organ should continue to exercise supervision and in this the Collectors should be required to play a vital role.

15.30. The control and supervision over the elected representative bodies in this country will have to be exercised (1) by the people (2) by the intermediary local-body and (3) through the governmental administrative and technical organisation. To enable the people to exercise control over their representatives, it will be necessary to have intensive and continuous training programme for the people as a whole, at regular intervals. This programme need not take the shape of a Conference or Seminar or class room. It will be a sort of public meeting preceded and followed by cultural and other programmes. In between these programmes, the basic idea behind the scheme of democratic decentralization and their role in it should be explained to them.

15.31. Having arranged the training of the people, it should be insisted upon that the panchayats call the meeting of their voters as frequently as possible. The meeting should not necessarily be for the entire constituency. The meeting may be held in each village or ward. At these meetings the plans, programmes and the achievements should be explained and the re-actions of the people ascertained. In due course, even the printed copies of the accounts should be made available for inspection of voters.

15.32. The principle of referendum and re-call introduced in Yugoslavia seems to be quite effective and we would recommend both these being adopted. The training programme for the elected representatives, besides training of the people has a corrective influence and should be seriously taken up. A few States have organised such training but, we feel, that it is time when people involved in the programme as well as a few experts sit together and draw up a comprehensive programme of such training as well as its content. Steps should also be taken to have the necessary literature printed, as from the information available to us, we find that there is an acute shortage of such literature.

15.33. Balwant Ray Mehta Study Team very rightly suggested that the Zila Parishad should not become a Controlling Authority over the panchayat samitis and the village panchayats. The idea behind the whole scheme was that superior experience and higher technical and administrative ability of the elected representatives should be made available to the lower bodies. This body can, therefore, exercise its supervision more by the prestige it gains as a body of "eldermen" with intimate knowledge of the conditions in the district. This body should, in our opinion, also be entrusted with the power to examine the legality of actions of the lower bodies.

15.34. The ultimate responsibility for proper working of the institutions will always rest upon the Government at the State level and it will, therefore, be necessary to retain powers for it to correct the mis-use of authority by the local bodies. It should, therefore, have the right to suspend, supersede or dissolve any one of these institutions. In case of

emergency, some of these powers will have to be vested in the Collector. It should, however, be made very clear that these powers should be exercised very rarely. As Collector, he will be the representative of the Government and it should be his responsibility to see that the local institutions grow in a healthy manner receiving the support and guidance of Government Officers and that their activities are properly co-ordinated.

As the District Development Officer, he will have to see that the plans of the district are properly drawn-up and conform to the broad frame-work of the State plan and that the decisions of the zila parishad are properly implemented.

15.35. At this stage, we would also like to discuss the role of the Commissioner. We consider that at least for quite some time to come, Commissioners should provide a vital link between the people, their representative institutions and the Government and for this reason they should be relieved of most of the routine administrative work. Their role as senior representatives of the Government in the area should be that of Programme Advisors. Some of the important functions in this behalf could be on the following lines:—

1. To evolve a correct pattern of relationship with the local bodies so that they come to regard the Commissioners as guardians of their interests.

2. To give direction to proper relationship between the Government servants and people's representatives.

3. To ensure co-ordinated development of a region in accordance with the broad objectives of State policy.

4. To investigate special problems and to advise on special situations in which timely action by the Government on the basis of their assessment and study will be of great advantage.

5. To evaluate the results of Development activities and to assess whether qualitatively and quantitatively these results correspond to the broad objectives of State policy.

6. To advise the Government on the need for adjustment as a result of the changes that are produced in the field by Development programmes.

7. To interpret Government's policies to officials at various levels and also to the people's representatives.

8. To ensure and report that technical advice is made available by the departments of the State.

15.36. It should also be considered whether it is not now the time when the institution of Development Commissioner should undergo a change and most of his functions entrusted to the Commissioners and the Collectors; and the Development Commissioner remaining only as a Special Secretary to the Government, and in that capacity co-ordinating activities of different departments at the Government level.

15.37. An under-developed country has to develop on so many different fronts and its felt-needs are so numerous and fast-growing that with

the limitations of the available resources, priorities will have to be fixed. There will have to be both national and state priorities, and the local plans will necessarily have to follow the broad pattern of the national policy and state plan. The question which has to be decided is as to which unit of the local government should be made responsible for drawing up these plans. We have been thinking of plans for each family, plans for each village and so on. As stated above demands are many and resources are limited. Diffusion of the process of planning would mean greater demand for funds, which if not satisfied, may, instead of creating enthusiasm, create frustration. In dealing with the primary unit for planning, we will have to assess the technical know-how available at each level. We are fully aware of the non-availability of the resources (both technical and financial) and would recommend that the Panchayat Samitis and Municipalities should be the base where plans should be drawn up. This, however, does not mean that requirements of the village panchayats will not be considered in full. What we envisage, is, that such local programmes as can be executed with locally available resources (both human and material), should come within the sphere of the local unit i.e., the Panchayat; while other programmes which require greater degree of technical assistance and larger finances should be reserved for the Panchayat Samitis and Municipalities.

15.38. The plans drawn up by the Municipalities and the Panchayat Samitis should then be intergrated by the Zila Parishads. At the district level those items which are of district importance should be added to the plans prepared by the lower local bodies; and a final integrated plan for district evolved which should conform to State Plans and National policies. The Zila Parishads should be made responsible to watch the progress and implementation of the plans.

15.39. Social management forms one of the important planks of Local Government system in Yugoslavia. The workers manage economic enterprises whereas institutions and services like education, public health, social welfare etc. are managed mainly by the beneficiaries.

15.40. The principle of self-management of the economic enterprise whether industrial or agricultural cannot be adopted in this country for obvious reasons.

15.41. The management of institutions of public utility by the beneficiaries has great potentialities. We had the opportunity of visiting schools, hospitals, water works, housing colonies of workers, and such other institutions that were socially managed and were impressed with the way these were being managed and the enthusiasm the system has created in the local population and associations interested in them. This system provides a healthy avenue for participation by a large percentage of adult population, in activities which directly concern and vitally affect their well-being. In the People's Republic of Macedonia, substantial portion of the population participated in the management of educational institutions. This helps train people in shouldering greater responsibilities in local government. We, therefore, recommend that the principle of beneficiaries managing educational and other such institutions should be given trial in this country, though it will have to be done by stages. To start with, we would suggest, schools up to Middle standard in urban areas should be handed over for management to the citizens residing in that area and deriving benefit from the

institution. These people should elect their own governing body and within the frame-work of the educational policy laid down by the Government, manage the school, for which, budget allotment will be made by the concerned local body or the State Government.

15.42. For the success of any organisation, it is necessary, to have independent institutions to study, conduct research and advise its members in the fulfilment of the tasks assigned to them. The Standing Conference of Towns in Yugoslavia is such an institution. We had an occasion to study the work done by this institution and found that some of the improvements made by local bodies were directly attributable to it. Similar institutions exist in other countries also. It will be very useful if every State organises an institution of this type for the benefit of the local bodies.

15.43. The study of the administrative organisation and methods of work of local bodies by experts should be another important programme. The Indian Institute of Public Administration has been doing very useful work but naturally its work will have to be of dealing with higher theories of administration. It will, therefore, be for consideration whether this Institute could organise a separate wing for the study of Local Government. In our opinion, such a wing should have its branches in every State. In the alternative, each State should set up a machinery for such study in which Universities could also be profitably drawn in for research work.

15.44. The study and research should not be restricted only to the meeting halls but should be conducted through the media of conferences, seminars and training of the people engaged in the programmes. It may be possible after sometime that various training programmes may receive guidance and inspiration from this Institute.

15.45. In the above two paras we have talked of the institutions which will be run either by the members themselves or by experts. We also consider it necessary that the State Governments and the Ministry of Community Development should also have their organisation to study the day to day problems that have to be faced by local bodies on the administrative side. The Mussoorie Institute should provide general guidance to the State organisation.

15.46. We further suggest that the question of including subjects like co-operation, community development and local governments in the curriculum for Graduate and Post-Graduate classes should be taken up by the Ministry (Community Development) with the Universities.

B. MEHTA,
16-5-60.
Leader
G. F. MANKODI,
16-5-60.

Summary of recommendations

- R. 1 Three tier system recommended by Balwant Ray Mehta Team be adopted, but functions of Panchayat may need revision. (15.7).
- R. 2 Pattern of Local Government should find a place in the country's Constitution. (15.8).
- R. 3 Distinction between rural and urban development should disappear. A beginning may be made by integrating rural and urban programmes in a District by the Zila Parishad. (15.9).
- R. 4 Creation of a House of Producers is not feasible in India (15.10).
- R. 5 Nomination of candidates for election is not recommended (15.11).
- R. 6 25 to 33 % of the strength of Panchayat Samiti should be by direct election with a limited electorate (15.12).
- R. 7 Yugoslavian pattern of various councils discharging executive-cum-administrative functions is recommended for de-concentrating power and larger involvement of people (15.13 to 15.15).
- R. 8 President should not himself punish the employees but refer disciplinary action to a district level body predominantly non-official (15.16).
- R. 9 Secretary i.e., Chief Executive Officer of Panchayat Samiti should be recognised as a vital functionary and treated as a Head of the paid administration of the Samiti and allowed full disciplinary control over other employees (15.18).
- R. 10 Early consideration should be given to Urban Community Development and necessary additions to the functions recommended by the Balwant Ray Mehta Team should be considered to achieve this (15.19).
- R. 11 Making Block (Panchayat Samiti area) a basic administrative unit instead of Tehsil or Taluk should be studied by a high powered committee consisting of representatives of a few States, of concerned Central Ministries and the Planning Commission (15.20).
- R. 12 Reducing the multiplicity of agencies representing Central, State and Local Governments, operating in the area of Local Bodies is urgent. It should be co-ordinated and rationalised (15.21).
- R. 13 *Budget Reserve Fund*:—The idea of budget reserve fund is worth considering (15.22).

- R. 14. Transfer of revenues from certain taxes wholly and others partly to the local bodies will provide incentive to tax collection and help development (15.23).
- R. 15. Ultimate aim should be to transfer the entire income from land revenue to local bodies (15.24).
- R. 16. Use of a percentage of small savings in area of its collection should be considered. (15.24).
- R. 17. A Local Government Service Commission should be constituted for recruiting servants for rural and urban areas in the jurisdiction of Local Governments. For promotions, services in the State Government should be open to local government servants and be considered continuous (15.25 and 15.26).
- R. 18. Block Development Officer, as Secretary of the Panchayat Samiti, should be a highly qualified person with high calibre, if possible from the State Service (15.27).
- R. 19. The idea of issuing instructions should be replaced by idea of advice and guidance from higher bodies. Collector may also have to play a vital role in supervision on these lines (15.29).
- R. 20. Intensive and continuous training programme for the people as a whole, for people's representatives and frequent meetings of voters are essential for growth of local bodies. There is extreme shortage of useful literature for this purpose.
- R. 21. Zila Parishad should act as eldersmen to guide lower bodies rather than control them (15.33).
- R. 22. State Government will have to retain the necessary powers of correction and control over local bodies and Collector will have to be vested with them, though he may rarely use them (15.34).
- R. 23. Role of Commissioner is very important. He should be relieved of most of routine administrative work so that he could act as Programme Adviser. He is the vital link between people and Government (15.35).
- R. 24. Role of Development Commissioner should be replaced by Commissioner and he should become Special Secretary to Government and coordinate activities of different departments (15.36).
- R. 25. Panchayat Samitis and Municipalities should be the base for drawing up plans which should be integrated at the district level (15.37 and 15.38).
- R. 26. The system of self-management in enterprises industrial or agricultural, cannot be adopted in India (15.40).
- R. 27. Principle of beneficiaries managing education and other institutions should be given trial by stages starting with schools up to middle standard in urban areas (15.41).

- R. 28** An institution on the lines of Standing Conference of Towns in Yugoslavia may be set up in each State (15.42).
- R. 29** A mechanism for improving administrative organisations and methods of work of local bodies should also be set up either as wings of the Institute of public administration or by State Governments (15.43).
- R. 30** Expert organisations, State Governments, and institutes like Mussoorie Institute should provide general guidance to the State organisations referred to above (15.45).
- R. 31** Ministry of Community Development should take steps to get subjects like co-operation, community development and local Government included in the curriculum for Graduate and Post-graduate classes in the University.





सत्यमेव जयते

APPENDIX A.

Summary of the Budget of the Commune of Starigrad for 1959.

RECEIPTS		Rs.
1. From enterprises-contribution on personal income of people employed in enterprises		244,280,000
2. Personal income outside of economy		48,000,000
3. Supplementary contribution to budget by workers ..		99,300 000
4. Additional contribution for richer enterprises ..		2,500,000
5. Land tax paid by enterprises		200 000
		394,280 000
6. Federal turn-over tax		49,500,000
7. Turn-over tax on immovable property		5,000,000
8. Turn-over tax on wines and brandy manufactures on commune's territory		3,320,000
		57,820,000
9. Turn-over tax imposed by Commune.		
(i) on retail sales		419,800,000
(ii) on sale of wines		38,800,000
		458,600,000
10. Tax on independent professions		138,000 000
11. Communal surcharge		16,000,000
12. Licence fees		30,000,000
13. Inheritance tax		600,000
14. Income from organisations & establishments ..		2,600,000
15. Miscellaneous		116,800,000
		304,000,000
GRAND TOTAL ..		1214,700,000

EXPENDITURE

Rs.

1. Educational and National Culture	..	..	664,950,000
2. Social Protection	..	..	78,893,000
3. Health Protection	..	..	56,992,000
4. State Administration	..	..	145,205,000
5. Communal activities	..	..	67,000,000
6. Non-economic Investments, Dispensaries etc.	..	..	60,300,000
7. Allotment to Social Organisations	..	..	18,600,000
8. Allotment of loans	..	..	26,800,000
9. Budget reserves	..	..	23,077,000
			1141,817,000
6 % obligatory Budget Reserve Fund (Federal)	..	..	72,881,000
GRAND TOTAL			1214,700,000



सत्यमेव जयते

APPENDIX C
Diagram of organisation of a Commune People's Committee.

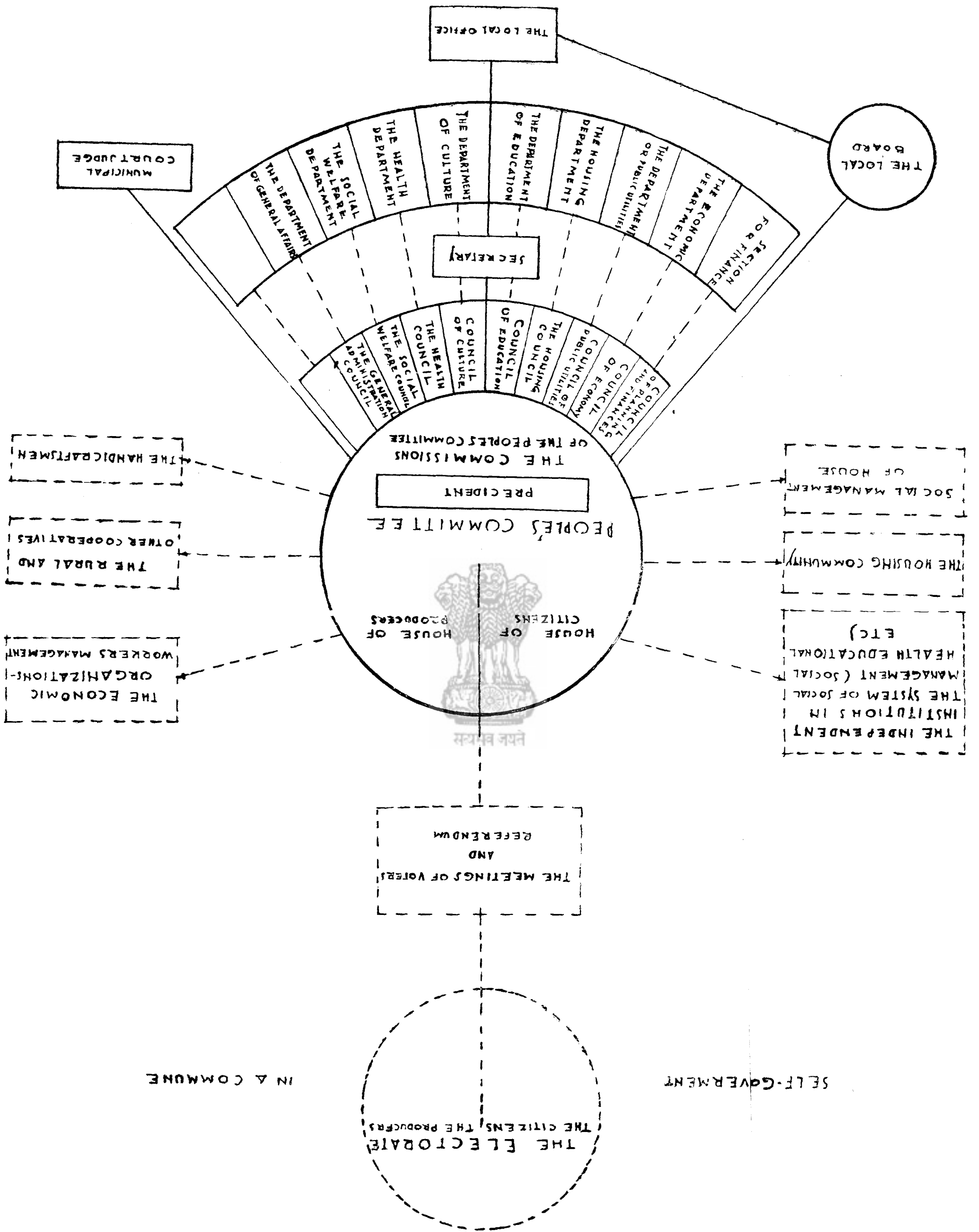
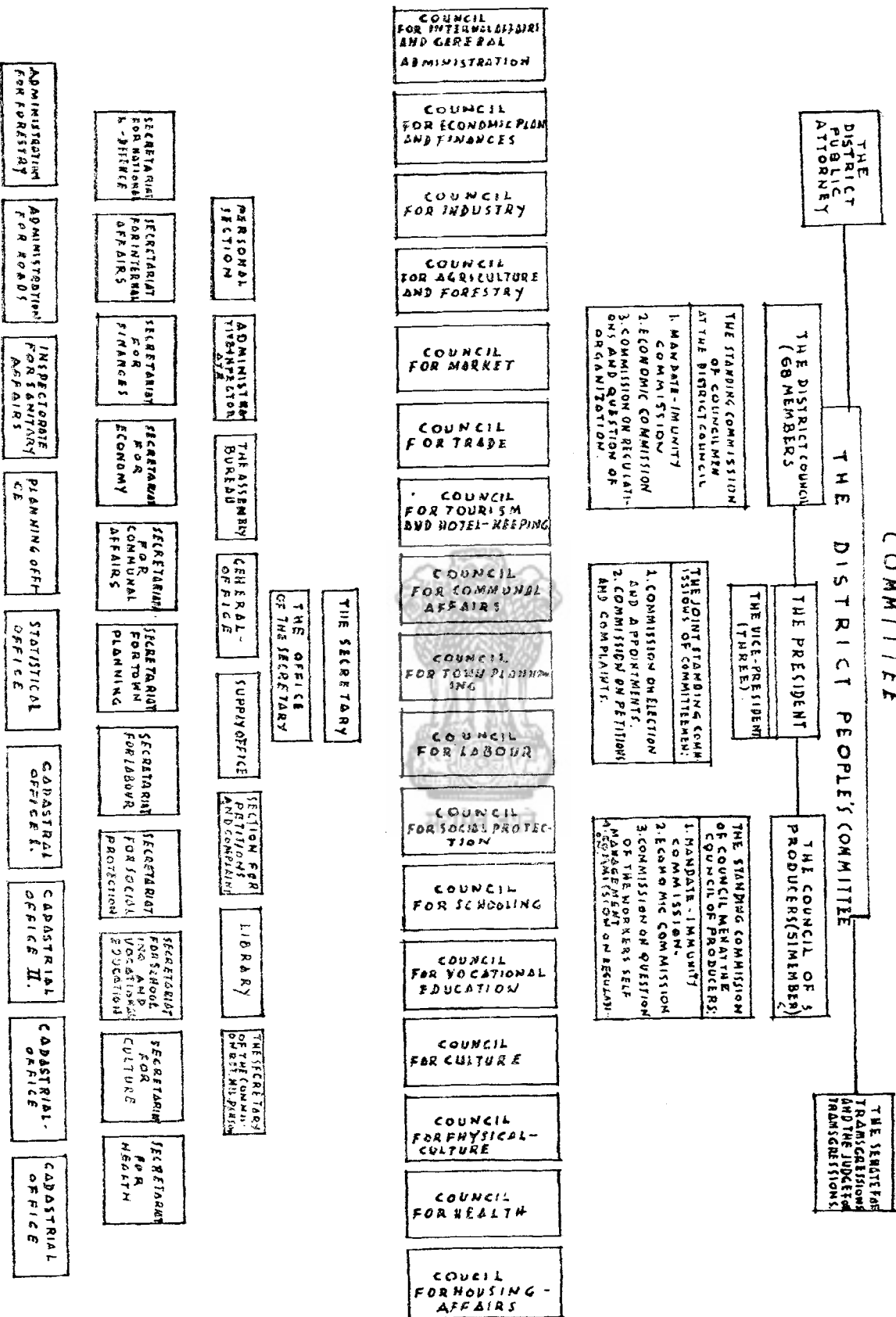
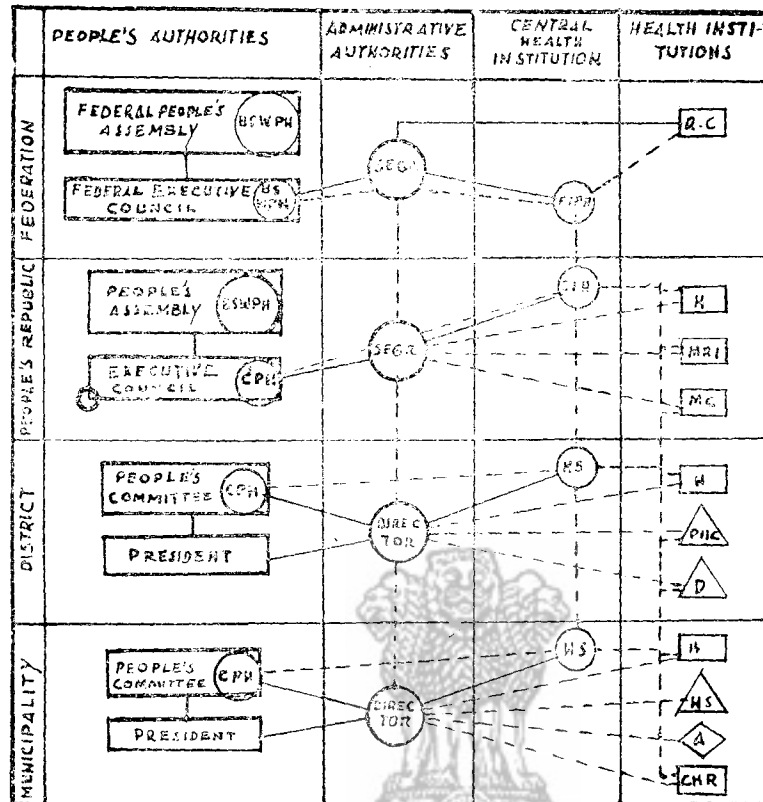


DIAGRAM OF ORGANIZATION OF A DISTRICT PEOPLE'S COMMITTEE



APPENDIX D

Diagram of organisation of Health Services.



LEGEND

- | | |
|--|----------------------------------|
| BSWPH - BOARD OF SOCIAL WELFARE AND PUBLIC HEALTH. | MRI - MEDICAL RESEARCH INSTITUTE |
| CPH - COUNCIL OF PUBLIC HEALTH | MC - MEDICAL CENTRE |
| SECR - SECRETARIAT | PHC - PUBLIC HEALTH CENTRE |
| FIPH - FEDERAL INSTITUTE OF PUBLIC HEALTH | D - DISPENSARY |
| CIH - CENTRAL INSTITUTE OF HYGIENE | A - PHARMACY |
| HS - INSTITUTE OF HYGIENE | CHR - CLIMATIC HEALTH RESORT |
| HS - HEALTH STATION | RC - REHABILITATION CENTRE |
| H - HOSPITAL | |